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NOVEMBER, 1933
Vol. XXII No. 2

The CREDIT WORLD

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—R. LEO FRYE (Oklahoma City, Okla.)



MAGAZINE OF



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**NATIONAL RETAIL CREDIT ASSOCIATION
1218 Olive St. St. Louis, Mo.**

The CREDIT WORLD

Official Magazine of the NATIONAL RETAIL CREDIT ASSOCIATION

November, 1933 Vol. XXII No. 2

EDITORIAL AND EXECUTIVE OFFICES
1218 Olive Street St. Louis, Missouri

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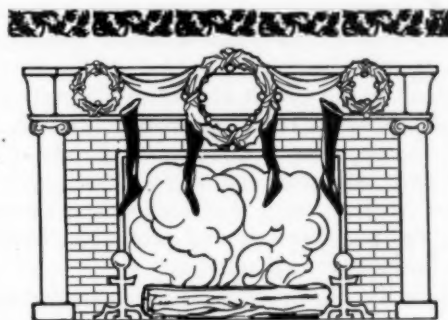
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This publication carries authoritative notices and articles in regard to the activities of the National Retail Credit Association.



In all other respects the Association cannot be responsible for the contents thereof or for the statements or opinions of writers.

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National Retail Credit Association
1218 Olive St. St. Louis, Mo.

EDITORIAL COMMENT

D. J. WOODLOCK

Will You Meet the Opportunity, Mr. Retailer?

WILL retailers take advantage of the opportunity presented with the reorganization of all business under government codes, to subscribe to the Community Credit Code suggested by the Credit Executive Council of the National Retail Credit Association, and thereby put into operation a Community Credit Policy which will eliminate blunders, ill-advised and reckless credit granting with competition on credit terms, and promote safe and profitable consumer credit business for all retailers?

This is the big question of the hour for every credit executive!

For years the N. R. C. A. has pointed out that selfish and misguided retailers who failed to cooperate with fellow-retailers on credit policies—who used terms as a competition feature of their businesses, with the idea that it would attract to them more business—who extended credit to those owing long past due accounts to other merchants—were causing the loss of millions of dollars to merchants and encouraging disrespect for the sacredness of a credit obligation, promoting bankruptcies and undesirable and unstable citizenship.

The outstanding retailers of the country, who are the backbone of our commercial structure, subscribed to our views, but the rank and file of retailers who, because of their numbers, are most necessary to the success of a Community Credit Policy, were indifferent. They failed to realize that profits are made by those who substitute facts for opinions and that the great stores of the community are great because they have eliminated guess and competition in credit procedure.

With the coming of depression, however, they began to look about and learn just where their profits had vanished. They noted how quickly the good will they had hoped to create by a loose credit policy vanished when it became necessary to insist upon prompt payments.

They wondered how they would build up a new credit clientele when the financial position of everyone had changed, and from hundreds of cities came news of a movement to create a Community Credit Policy.

This inspired the N. R. C. A. to make a supreme effort to bring its dream of years into a reality. The job was given to our National Credit

Executives' Council. Past President Leop. L. Meyer of Houston was made chairman. Committees were appointed in every important city, a program outlined and meetings scheduled for November 9 and 16, so as to coordinate the views of all leaders and evolve a sane, workable and efficient code for adoption by all classes of retailers.

Remember, this is not a government code or part of the NRA movement. *It is a code or Community Credit Policy sponsored by the National Retail Credit Association.* Its success depends entirely upon the whole-hearted cooperation of all retailers, small and large.

If merchants and credit men alike will awaken to the opportunity and respond to our call for united action, we will make the greatest step forward in sound business practice that the country has ever known. We will eliminate those things which have made credit granting a drag on the nation's commerce and all this with an expansion rather than a curtailment of credit sales.

Mr. Retailer and Mr. Credit Manager, let's not delay! Let's reason together and work together for the common good of the community in which we live, and the business in which we are engaged.

» » »

Controlled Credit Is as Important as Managed or Stable Currency

MOST of us are so busy trying to keep pace with rapidly changing conditions that we fail to realize just what is happening. It is only when we pause to analyze the events of the past two or three years that we realize the social, banking and business policies of yesterday are antiquated today. We are building, day by day, a new order in all things, and only in proportion to our ability to adjust ourselves and our business to this order will we be successful.

The banking, economic and business ethics of the nation are changing with such rapidity that most of us are bewildered and, like the economists and leaders to whom we had looked for leadership out of the depression, are floundering in a sea of uncertainty. But as time marches on, we will find that new ideals have been substituted for those we considered indispensable and, let us hope, a more stable citizenship and more ethical business will have been created.

Some of us may not agree with the new order. We may even consider it unsound and radical. We may cling to those ideals of our day, but we will find ourselves out of step with the times. Production methods, distributing systems, working conditions, salary and wage scales, finance and banking of the future will be entirely different from those of the past.

I don't know of any profession which will be more affected by these changes than that of the credit manager, because social, as well as financial, changes influence his business in no small measure. That is why the National Retail Credit Association is urging the adoption of a credit code or *Community Credit Policy*: so that, no matter what changes may come, we may cooperate in promoting sound credit and prompt payments and make credit sales a profitable part of business, not just a matter of simply "swapping dollars"—so that we may impress upon the mind of the individual the sacred trust of a charge account—so we may convince the retailer that to eliminate the undesirable and make credit extension a profitable part of his business, *he must cooperate with other merchants.*

» » »

Public Utilities Use Collection Stickers

AN ANALYSIS of the distribution of two million of the new collection stickers issued by the National Retail Credit Association brought out the fact that several Public Utilities were using them to speed up the collection of electric, gas and water bills. A check on this shows they brought such excellent returns that one utility made plans to use 100,000 of the N. R. C. A. stickers during the year.

» » »

What Does It Cost to Locate Missing Debtors?

THOUSANDS of dollars are spent yearly by credit managers in locating missing debtors. Much of this would be unnecessary if the credit man would secure all information about the customer at the time of opening the account.

The Associated Retail Credit Men of New York estimate that in their city alone \$5,000,000 is tied up in accounts for collection because of their not knowing the address of the customer! Undoubtedly the same is proportionately true of every other city, all of which proves you cannot get too much information when you open an account. Many credit managers overlook getting the names of relatives, lodge affiliations, insurance carried, and other vital information. It is easy to get this information with a little diplomacy.

The Retail Credit Survey

ON OCTOBER 28, the United States Department of Commerce released the semi-annual Retail Credit Survey covering the period from January to June, 1933.

It is interesting to note that for the first time in three and one-half years collections began an upward trend in May and continued during June.

Reports from 418 retailers, with a sales volume of \$366,623,589, for the first six months of 1932, showed a decrease of 16.3 per cent for the first six months of 1933.

Strange as it may seem, the sales decline of jewelry stores showing 12.2 per cent decline from last year, was the smallest of all classes reporting, while electrical appliances, with 20.8 per cent, was the largest. Cash sales showed a slight increase in percentage over credit sales, continuing the trend of the past three and one-half years.

The average time for open accounts outstanding was 83 days for 1933, against 82 days for 1932. Installment account collections were 13.5 per cent compared with 12.7 per cent, or time outstanding, 7 months 26 days against 7 months 12 days.

Open account credit losses for all stores were exactly the same as the same period last year, 1.4 per cent.

Every credit manager should get a copy of this survey and analyze it. The cost is only *five cents* per copy. Order from the Superintendent of Documents, Washington, D. C. Ask for Domestic Commerce Series, No. 84.

» » »

N. R. C. A. Mid-West Conference

The annual Mid-West Conference of the N. R. C. A. held in Tulsa, Oklahoma, October 22-24, was a success from every point of view—attendance, program, interest and entertainment.

Over two hundred credit executives and bureau managers were present at the general sessions. The Public Utility group, as usual in this district, was one of the outstanding group meetings. The Collection group was attended by about 40 collection managers.

The program, although crowded with highly interesting and educational talks, "clicked" on schedule, without a dull moment, due to the ability of V. D. Waltermire, president of the Tulsa Retail Credit Association, who was general chairman.

National President Lovett, Director McBride, Past President McMullen and Manager-Treasurer D. J. Woodlock, who were present, highly complimented the Tulsa Association for the exceptional arrangements.

H. R. Stuart, credit manager of Halliburton-Abbott Company, was endorsed as a candidate for election to the Board of Directors of the National Retail Credit Association and W. A. Rayson, secretary of the Retail Merchants Association, announced their intention to invite the N. R. C. A. to hold its 1935 Convention in Tulsa.



Successful Letters Used in the Application of Customer Control

By DEAN ASHBY

Credit Manager, M. L. Parker Company, Davenport, Iowa

THE first article of this series dwelt almost entirely on the mechanical details of our customer control system and its possibilities in sales promotional work. In this second article we shall show its application in actual practice.

When the data has once been assembled which indicates those active charge customers who are not buying in certain departments, the actual promotion work can begin.

In most department stores the ready-to-wear sections are the most important parts of the organization. The assumption is naturally made, therefore, that most of the store's customers patronize these departments. Whether or not this assumption is valid can readily be determined accurately for the first time by the use of the customer control system.

The results of such research are quite apt to be surprising. It is not improbable that they will indicate a very large number of active charge customers who have not made a single purchase in the coat or dress department. Such a condition opens up an excellent opportunity for some really worth-while promotional work.

For the purpose of soliciting business in the apparel departments, various types of letters may be used. The following letter was sent to a large group of customers at the end of the year:

LETTER No. 1601

Dear Madam:

You favored Parkers very generously last year, for which we thank you very much. Our customers in every sense of the word are our best friends, they help to make our success a reality.

Our constant effort is directed to serve our customers intelligently and to give them the best we have in every possible way.

I am taking the liberty to call your special attention to a few departments that are worth your consideration and which were not represented in your transactions last year.

These departments (ready-to-wear, shoes, and millinery) are three of our strongest departments. The recent change in the management of ready-to-wear has been already reflected in the many changes in styles and values in the new suits, coats, and dresses for spring.

The shoe and millinery departments are usually complete both as to price range, styles and values. I am sure your consideration of them for 19** will be to our mutual advantage.

Cordially yours,
Credit Manager.

Careful tabulation of the returns derived from the sending of the letter above showed that of those customers to whom the letter had been sent 52 per cent resumed buying in one or more of the departments. Thirty days later, the following letter was sent to those who had received Letter No. 1601, but had not as yet made any purchases in the departments mentioned.

LETTER No. 1603

Dear Madam:

We have missed your purchases of late in our-----, and ----- departments.

One of the interesting values in our ready-to-wear department is the group of \$15.00 and \$25.00 dresses. There is a wide selection of printed crepes and chiffons, that incorporate all the new fashion details.

The Classic opera pump is the fashion for spring, and when they are "Peacock" shoes they are ultra-fashionable. Ask to see "Renee" of suntan beige trimmed with lustre kid. It has Spanish heel, and medium narrow toe—\$10.50.

In the millinery section, brimmed hats are the outstanding fashion. There are many in sisal, baku, port bonheur, lacy straws and hair braids from which to choose at \$10.

Won't you give us an opportunity this season to show how well we can please you with -----, -----, and -----?

Yours very truly,
Credit Manager.

A second check-up revealed the fact that of those customers who had received both letters, No. 1601 and No. 1603, 43 per cent of them resumed buying in the departments mentioned within a relatively short period of time, a total return of 73.5 per cent.

While the expense involved in personalizing and mailing such letters is rather high, the unusually satisfactory returns more than offset the extra cost. Moreover, the amount of good will created among your customers when they realize how interested you are in their buying habits cannot but result in tying them closer to the store and ensuring a continuance of pleasant business relations.

The information supplied by the customer control system can be readily adapted to countless other types of promotional work. For example, in the staging of some direct merchandise or departmental promotion, the control record furnishes the information necessary to select that group of people whose buying habits render them more apt to respond favorably to a certain type of sales message. This ensures the greatest possible percentage of return by eliminating from the mailing list those customers on whom sales effort for a particular class of merchandise would be wasted.

The following is an instance of how customer control records in the credit office can be utilized to the best possible advantage in selecting a group of customers for direct promotional purposes.

The buyer in a certain toilet goods section was interested in introducing a new line of toiletries but at the same time did not wish to contact customers who were steady purchasers of lines already established in the department. The manufacturer had offered to cooperate in promoting this line by offering a regular size package of the article free to a list of 5000 customers. The manufacturer also offered to pay half the postage on postal cards to be sent to these customers informing them of the offer.

By the use of the customer control system a list of customers who had never purchased in the toilet goods section was obtained. By sending the cards to them offering the free goods, a whole new field of sales possibilities was opened up without in any way interfering with the regular sales to old customers of the department.

Another example occurred in connection with a special rug promotion which was to be advertised by sending out an attractive folder. It was desired to allow the customers who had formerly made purchases in the rug department to have first choice of the featured items and so through the use of the customer control record a suitable list was quickly and easily obtained. The results of this particular promotion brought about a response of over 5 per cent in direct sales of the advertised item during the first week alone, besides creating additional business throughout the drapery and rug departments as a whole.

Another interesting feature of results obtainable through the customer control system arises in connection with the promotion of business from other members of the customer's family. In most department stores, the charge accounts are carried in the Mrs.' name. It will not take long to determine which of your customers have husbands or other male family members to whom the pro-

motion of your men's apparel division can be quite suitably made. This can be done in the manner suggested in the following letters:

LETTER No. 1802

Dear Sir:

We have made special efforts to provide the type of clothing and furnishings which you will be looking for this spring. They are all of standard "Parker" quality at the new low prices which have put *first quality* merchandise within the reach of all. Come in to see the new spring apparel. The amount of quality which can be purchased for so little will surprise you. Here are some examples:

"Kuppenheimer" new value two-trouser suits, tailored to fit as well as for long service are now priced at \$35 and \$40. Also, "Parkhurst" suits which give maximum quality at a minimum price—\$25, and \$30.

"Knox" fine felt hats, in the new spring shapes and shades. The same quality that has made them so famous for years—priced at \$5, \$7, and \$10. "Parkhurst" felts are an unusual value at \$3.50.

"Nunn-Bush" ankle fashioned oxfords are to be had in the usual excellent quality—but at prices which are the lowest in the history of this company. \$6.50, \$7.50, \$8.50.

We are glad to extend to you a Special Clothing account—just ask to have your charges marked "Special."

Yours very truly,

General Manager.

These Letters Brought Real Results!

Two letters—to active customers—induced 73.5 per cent of those customers to patronize the departments mentioned in the letters—departments in which they had previously made no purchases!

» » »

Another letter brought 5 per cent "in direct sales of the advertised item during the first week, besides creating additional business throughout the drapery and rug department as a whole."

» » »

One letter—to husbands of women customers—opened fifty-three new accounts in the husbands' names with total sales (of men's clothing) of \$1,772.00 in thirty days!

» » »

Another—to former patrons of the men's clothing department—brought a return of 12 per cent in two days. And another—but read it for yourself!

—The Editors.

(Author's Note: Both this letter and the one on the preceding page are letters actually used by our store.)

LETTER No. 1801

Dear Sir:

On Monday and Tuesday of next week, March 21 and 22, a representative of the custom tailoring department of the House of Kuppenheimer will be at Parker's Men's Store. He is bringing a complete line of patterns in fine foreign and domestic woolsens.

This is an unusual opportunity for the man who needs his suits made to measure. We have a large selection of patterns and woolsens to choose from, and your measurements are taken by an experienced tailor.

More and more Davenport men have taken advantage of this custom tailoring service available at Parker's and the prices this season are even more reasonable than ever before. Suits range from \$35 to \$60.

Drop in during this showing and see the extremely fine assortment of fabrics and patterns in the Kuppenheimer custom range.

Yours very truly,
General Manager.

P.S. The swatch enclosed is one of the many patterns included in the range at \$40.

The results obtained when the above letters were used were exceptionally fine. Letter No. 1802 was sent to a list of 1950 accounts, the records of which showed that they had never made purchases in the men's furnishings or clothing departments. From this letter, 53 accounts were opened in the Mr.'s name with a total sales of \$1,772 within thirty days. The total direct cost of this promotion was \$1.28 per account opened or 3.7 per cent. In view of the fact that these sales represented business from men who never before had traded in the men's departments, the cost was certainly within reason.

Letter No. 1801 sent to 300 former patrons of the men's clothing department whose account records showed that they had failed to make purchases there recently resulted in a return of 12 per cent in two days, for a total sales volume of \$1365.

The use of the customer control system can readily be extended to cover a wide field of special promotional work. The control cards themselves can be classified and filed in numerous different ways so as to provide information of a very important and productive nature.

One means by which the customer control cards can be utilized so as to provide additional information is to classify them according to towns where the store in question has developed a group of charge customers living outside of the particular town in which the store is located. By such classification, particular attention can be paid to these accounts and consistent promotional effort directed toward them.

It is advisable to ascertain in one way or another which of your out-of-town accounts read the newspapers in which you advertise. This can be determined in several ways, the most direct of which is by the use of a self-

addressed stamped post card sent to this list of names. Such a card mailed to all of the out-of-town customers brought a 72 per cent return. Of the 72 per cent who returned the card with the desired information it was discovered that 48 per cent of them were receiving the newspapers in which our advertising was run.

This information was then recorded by using one of the addressograph tabs to indicate which of our customers received newspapers carrying our ads, and which did not. A broadside post card or letter listing special promotions which the store was engaging in was then sent several times a month to those accounts who did not see the regular store ads. The extra effort placed on these accounts resulted in an increase of business from these accounts of about 13 per cent.

Extra business can be readily promoted through the promotion of time payment budget accounts after these accounts have been already established. Budget accounts are usually established through the sale of some specialty item as washing machines, refrigerators, or furniture. More frequently than not, they are established by the class of people who rarely have a regular charge account in the store.

It is the usual thing, also, to find that the average budget or time payment account is carried until the item which has been purchased is fully paid for and then the account is closed. An appreciable amount of additional business can frequently be created if those budget accounts are carefully watched and some effort made to keep them from being closed.

This can readily be done in the following manner. Take the list of active budget accounts and select those where payments have been promptly made and the terms of the contract strictly adhered to by the customers. This class of people have respect for the credit obligations which they have assumed and are the type which will make the most desirable charge customers.

From the list of budget accounts a selection is made of those names whose accounts are to be shortly paid up, where only a few payments remain before the account will be closed. By sending a letter to these people offering to place any further purchases which they might make in any department of the store on the same budget plan which they are using at the present time, a large percentage of these accounts can be kept active after the original purchase has been completely paid for.

By this means you are appealing to a class of people whose financial circumstances make them reluctant to open a regular open account, but yet are of the type who meet their obligations and appreciate the opportunity of buying more merchandise on an extended payment plan. Frequently the solicitation of these accounts can be extended to include announcements of special merchandise promotions in which they would be interested.

The following letter, No. 622, is an example of the type which can be used for this purpose. An actual test of this plan, using Letter No. 622, revealed that 16 per

(Continued on page 30.)

"Credit Prophylaxis" For the Dentist

By FRANK T. CALDWELL

Manager, Western District, National Consumer
Credit Corporation, San Francisco, California

[An Address Before the San Francisco District Dental
Society, San Francisco, Calif., September 18, 1933]



AS A REPRESENTATIVE of the National Retail Credit Association, which is composed of retail merchants and professional men, both physicians and dentists, who extend credit to the individual, my remarks are naturally confined solely to the relationship between the giver of credit and the ultimate consumer.

Our institution, whose membership comprises those interested in the betterment of credit relations between the customer or patient and the business and professional fraternity, has been greatly concerned, within, let us say, the past decade by the growing difficulties which have beset the credit granter. From now on, I shall confine what I have to say directly to you engaged in the dental profession.

Due to the multiplicity of commodities and services that may be purchased on credit terms, and incidentally, on almost any kind of credit terms, the dentist has seen his accounts receivable steadily mounting; he has seen what appears to be a growing disinclination on the part of his patients to pay their bills.

During the course of the past several years, it seems to him that failure to pay is the rule rather than the exception. Too often, in the retail mercantile field, we see radios bought for a dollar down, electric ice boxes, pianos, furniture, clothing, and literally every kind of article sold by all means of trick payments and unsound terms. And unfortunately, in the dental field we find it possible for patients to shop about from one dentist to another for their needs, obtaining all sorts of credit concessions and literally playing one against the other to obtain—not dental services—but lenient credit terms.

One may even go further than this and say that the dentists have been so afraid of losing the business of prospective patients that they themselves have offered those individuals ridiculous credit terms or perhaps no credit plan at all. They have actually accepted patients solely on the ground that another dentist might, by some chance, grab them! The patients have consequently derived a tremendous advantage from observing such business practices.

Speaking as if I were a dentist, my patient now approaches me and tells me how he proposes to pay and if I do not like his ultimatum, he says he will go up or

down in my building or across the street and patronize one who will be overjoyed to accept his patronage on any basis of payment. Or again, knowing my timidity, he says nothing at all about money and I accept the case not knowing if it is to be cash or credit.

Now let me speak as a prospective patient. Why should I pay my bill promptly? What incentive is there to me to maintain prompt payments when I know there are dozens of you who will grant me all sorts of lenient terms and who will, moreover, not press me for payment because of the fear of antagonizing me? *Your patients will take advantage of you just so long as you permit them to do so* and I do not blame them.

Let us not say that the majority of our cases, or for that matter the majority of ultimate consumers, are dishonest or lacking in moral responsibility. That is not so. As a matter of fact, we in the National Retail Credit Association know that the overwhelming majority of the people in this country are fundamentally honest and mean to do what is proper and right.

But they have been educated by the weakness of retail credit granters to believe there is nothing compulsory about living up to specified credit terms and whether you like it or not, the dentists by their own lack of business acumen have educated their patients to regard dental bills as inferior and of no consequence. That is why you see a man meeting promptly his monthly payments on an automobile and ignoring his professional bill entirely.

We believe that paying habits are just as fixed as are other personal habits. As individuals, we drift along the lines that appear to be most easily followed. A statement rendered by a dentist will never, in kingdom come, command attention or respect until the patient knows that it actually means business. The dentists in San Francisco will never effect an improvement in their accounts receivable until they learn to act as one unit in establishing unified credit terms and working together to clear credit information as to the moral and financial responsibility as well as the paying habits of their prospective clients.

The credit bureaus affiliated with the National Retail Credit Association, and there are some 1,200 of them,

(Continued on page 28.)



When Credit Men Get Together!

By AUG. C. WEHL

Credit Manager, Gimbel Brothers, Milwaukee, Wis.
Director, National Retail Credit Association

THE value of cooperation between credit granters was never demonstrated more successfully than by the practices of the large department stores in Milwaukee during the past two years. During prosperity we all went along feeling secure in our own little way and minded very little about what the other fellow was doing, but when the depression came along certain conditions developed which brought the credit men of the larger stores closer to one another than at any previous time.

As a matter of protection regular meetings were arranged, and we now meet every two weeks. The results speak for themselves, and the cooperation and mutual understanding existing between the credit managers of the department stores in Milwaukee is, I believe, outstanding. It has been of inestimable value during these trying times and the burden of each one of us has been made a little lighter.

These meetings have been instrumental in reducing losses, have brought about a more friendly feeling and have accomplished these results:

(1) The large stores in this city discontinued advertising terms and down payments on so-called deferred payment merchandise and instead agreed only to advertise as follows: "Convenient Terms May Be Arranged." A schedule of minimum down payments and maximum length of time on balances was agreed upon on all different kinds of merchandise and this arrangement has worked out very satisfactorily.

Terms are no longer featured as sales attractions and they are not permitted as sales arguments. The result has been that reverts or repossessed merchandise in these particular stores became very rare, collection percentages increased and a better class of business resulted.

(2) The credit managers of these stores together with the manager of the local credit bureau discuss, every two weeks, a list of twenty-five (from each store) delinquent charge accounts. These accounts are rated and checked for the protection of each other and all information of value is placed on the Credit Bureau records.

We can tell by discussing these accounts whether one customer may be buying heavy at two or three different stores, or if one customer is loading up at another store

and owes delinquent accounts at other stores, etc. These meetings have helped each one of us to save our stores many losses.

(3) The matter of carrying charges was gone into very thoroughly. Some stores charged 3 per cent, some 4 per cent (and that was another sales argument), all of which has been ironed out and as a result now all stores have one uniform charge of 6 per cent of the unpaid balance.

(4) Each one of these stores reports to the others in this group, daily rejected accounts; and a list is mailed each evening, including one to the Credit Bureau.

(5) The old evil of changing the cut-off dates for monthly charges has been eliminated. It used to be that stores were always trying to beat the other fellows' cut-off date merely for advertising purposes which was a detriment and a nuisance to the Credit Department.

It got so bad even that purchases made one month were charged the next and payable the month following. It was an abomination. All the large stores now have a definite cut-off date for current month's charges which is also printed on the foot of statements.

"The Results Speak for Themselves"

Since its inception in 1912, the National Retail Credit Association has been a staunch advocate of community cooperation—has constantly endeavored, through the fostering of local credit granter's associations, to encourage "get-together" meetings for the solution of local credit problems.

Milwaukee's experience is a vindication of those preachments. As Mr. Wehl says: "The results speak for themselves!"

What has been done in Milwaukee can be done in any—and every—community in North America! No elaborate set-up is needed—no intricate organization—just a spirit of cooperation and the will to get together and "give and take" for mutual progress and the betterment of community credit conditions.

Now is the time—in coordination with the nationwide Community Credit Policy movement—for the credit granters of each community to form a local retail credit association—affiliated 100 per cent with the National Retail Credit Association.

—D. J. Woodlock.

In San Francisco and in New York— On the Same Day!

Two Great Stores Ordered Telautograph-Bureau Service!!

H. Liebes & Co., San Francisco

Nieman-Jackson, Inc., New York City

*They Signed Our Contracts Since the Last Issue of the
"Credit World"! (And the Tulsa, Okla., Bureau and
Several Stores Are Testing Telautographs Now!)*

Your Store Will Profit—Sales Will Step Up— Bad Accounts Will Drop—If You Install Telautographs!!

Credit Information is about the same the world over but speed and accuracy in securing this information are dependent entirely on **your** means of communication with your local Credit Bureau. If your present system is slow, then your sales are slower than they would be if you should speed up your reporting system. What does it matter if you must adjust your Credit Department to meet with new methods? Surely it is understood that everything depends upon the building up of sales, with safety of course, and the Credit Department, with the interests of the whole store at heart, is, as a rule, always happy to help to increase the business income. Telautographs will permit you to open new accounts more rapidly and it is easy to understand that with increased speed along that line, there can be no question regarding the speeding up of sales, which every store needs.

It will cost your store about \$1.00 per day to use Telautographs for securing **immediate** reports on new customers, and, ordinarily, such new customers can begin to buy your merchandise within five or ten minutes instead of waiting, sometimes for hours and days to begin spending. Would you consider \$1.00 too much to spend to increase TODAY'S SALES? Certainly not! Then, why wait longer in ordering this means of increasing sales? Almost 200 stores in the country are using this system now. How CAN you be contented with your present slower method of securing reports on new accounts? Besides, the Telautograph way is safer because it gives you a handwritten report, in the handwriting of the clerk at the Bureau—a record which cannot be disputed if the Bureau errs. And, for the benefit of the Bureau, the handwritten inquiry of your clerk cannot be misunderstood. Why not combine speed and safety with Telautographic reports and help to step up sales at once?

We Have a Man Near You—Send for Him—And Now!

NO OBLIGATION—OF COURSE

TELAUTOGRAPH

16 W. 61st St.



CORPORATION

New York City

WE HAVE 45 BRANCHES SERVING OVER 500 CITIES IN U. S. A. AND CANADA



Do Present Conditions Demand a Change In Credit Policy?

By R. LEO FRYE

Credit Manager, Rothschilds B. & M. Store, Oklahoma City;
President, Retail Credit Association of Oklahoma City

[Address delivered at the Mid-West District
Conference, Tulsa, Okla., October 23, 1933]

PRESENT conditions" and the so-called "depression" are responsible for many changes in business methods. However, I would not justify a change in our credit policy simply upon the proposition that "present conditions" demand it. To do so would be to assert that our credit policy, up to the time of the depression, was sound and satisfactory. I have never subscribed to that theory. The need for a change in our credit policy has, of course, been made more apparent by reason of our experiences of the past few years but I submit that the demand for a change goes back for years before the depression.

You and I know that retail credit, as such, is sound. We recall, in our consideration of this subject, that consumer credit has suffered less, during the depression, than any other form of credit. However, the manner in which retail credit is extended—the methods by which the plan is administered—is quite another thing. These methods are, in a large measure, for you and me to determine and they may be good or bad.

The peculiar condition through which we have passed during the last five years simply operates as a powerful searchlight casting its rays upon our entire business structure. As this powerful light penetrates every nook and corner, we see more plainly than ever before the methods that have been used—the good credit practices and the bad credit practices:

1. We see retailers competing in open account terms—striving to outdo each other in closing their ledgers for the month. This practice has helped to tear down the credit structure and lessen the public's respect for open charge accounts.

2. We see retailers competing in credit terms in the selling of merchandise on the deferred payment plan—selling credit terms instead of merchandise—running a race to see *how small* they can make the down payment and *how long* the contract term.

3. We see retailers selling merchandise at the cash price and carrying monthly charge accounts many months past the due date without any interest or carrying charge.

4. We see credit accounts pyramided. Creditors have proceeded independently of each other, each following his own individual policy of credit and collection procedure. Under such circumstances, the debtor very easily becomes involved and cannot possibly "pay out," unless it be on some proration plan extended over a long period. The

failure to effect such a settlement ordinarily brings bankruptcy. In either case, there is a loss for the retailer.

5. We see retailers carry a customer for months and let him continue to buy and pay as he pleases—three, four, five, six months and longer—simply on the theory that: "If we do not sell him, Smith & Company will sell him; we must not lose the business." Because of the fear of losing the patronage of credit customers, each store is prevented from enforcing any economical credit and collection policy.

6. For a time we heard some business men advocate the selling of merchandise on credit without even clearing an application through the credit bureau—they proposed that the applicant's employment be verified and that the law of averages would do the rest. I wonder what the proponents of that theory think about it now.

As the depression came on, we saw credit losses mount to an unusually high figure—also losses by repossession. Suspense accounts increased alarmingly and there was a corresponding increase in the cost of handling them. It was evident that the plan of retail credit had been grossly abused—not only by the creditor but also by the debtor.

The drive for volume had been so intense and the credit inspection so limited that thousands of people were loaded with obligations that they could not pay. It is true that most of those purchases on credit were made in good faith, but the ravages of the depression changed the average customer's situation so quickly and so completely that contracts could not be met and many of those contracts, as you and I know, have not yet been paid—and *may never be paid*.

I have the greatest respect and the greatest sympathy for the individual who has endeavored to conduct his personal affairs in a conservative way, living within his means, buying on credit according to his ability to pay his obligations promptly but who, because of this depression or some other force beyond his control, has been without employment and unable to carry out his contracts. His case deserves our most earnest and careful consideration.

There is another phase of this problem that merits our attention. While most people believe in paying their obligations promptly when due, there are others (a substantial percentage) who have no regard for the terms of their contracts—people who believe that it is all right to

buy merchandise from a retailer, agree to pay by the tenth of the month following the purchase or to pay a certain amount at certain specified times under a deferred payment contract and then later, after the merchandise is delivered, decide that it is all right to pay the obligation when and as they please. I believe that creditors generally have assisted in bringing on this condition.

With stores following individual policies in credit and collection procedure, operating independently of other stores in the community, the public has, indeed, been educated to believe that this thing we call credit is a merchandising transaction and is in no way a banking transaction—that a charge account is a consideration given by a retailer for one's patronage. Credit was made so easily obtainable during the years prior to the depression and the enforcement of terms so difficult that there has been a "letting down" in the attitude of individuals toward their obligations.

That has been the case among the nations of the world. Little wonder that retail credit has been cheapened and regard for obligations lessened!

What can we do about it? For one thing, I believe that children very easily and quickly acquire certain habits and certain ideals according to their training or lack of training in the home. If a mother or father, or both, have no regard for their obligations or if they just feel that they have a right to choose their own terms of payment, regardless of their previous definite agreement, those ideas of the parents, often expressed in the presence of the child, will eventually cause the child to have a similar attitude in regard to his own obligations.

We should concern ourselves with this problem. We should urge upon the school authorities, in our respective communities, the importance of some course of training in our schools upon the subject of retail credit.

I believe that a course of study, very practical, along the lines of the school bank, would help to educate the youngsters who are coming along—the citizens of tomorrow, future charge customers—as to the value of credit, the way it should be handled—the good it can do and the harm it can do, if used unwisely.

This is not a new idea—it has already been advocated—but I present it again with the suggestion that we would be performing a real service to our country by bringing about the adoption of such training in our schools.

Although our problem was and is a serious one, it is not nearly as serious as it could be—not as serious as it certainly would be if we were without a national association. The National Retail Credit Association, in cooperation with the local associations, has carried on in a fine way.

The National officers deserve much praise for all that they have done to encourage sound credit practices, to bring about the enactment of favorable laws, for all that they have done and are doing to keep us working together. Imagine, if you will, what a "fix" we would be in, if there were no National Association and if our communities had no local organization.

A review of our difficulties in regard to credit policy is of little value unless we have a remedy. There is such a remedy—"a well-balanced community credit policy."

If accounts receivable are to be turned over promptly and if the credit business is to be placed on a more profitable basis, it is imperative that there be a very close cooperation between all of those engaged in the retail credit business. There must be a new deal in cooperation—indeed a *definite community credit policy* that can and will:

1. Control credit extension and thereby eliminate overbuying.
2. Speed up collections.
3. Allow all creditors a fair interest or carrying charge on past-due accounts.
4. Reduce losses and thereby make the credit business more profitable.
5. Reduce losses on transactions involving approval merchandise.

This is not a recently discovered remedy. The National Retail Credit Association and conservative credit men and women everywhere have recognized, for years, that a well-balanced community credit policy was needed. The National Association has for a long time advocated the adoption of such a policy—based on the conditions that exist in the particular community.

(Continued on page 30.)

In St. Louis it's
Hotel Mayfair
8TH & ST. CHARLES

Hotels Mayfair & Lennox

Dear Bob:
Excellent places.
these Hotels - real beds,
comfortable rooms and
delicious food. Real
location too - right
in the heart of the
business district.

Yours,
Tom

Hotel Lennox
9TH & WASHINGTON
\$2.50 and up

Cash Sales Decline--Credit Sales Gain-- Retail Credit Survey Shows

Highlights of the Retail Credit Survey for Six Months--January - June,
1933 -- Just Released by U. S. Department of Commerce

WHILE the recently released semiannual Retail Credit Survey for the first six months of 1933 records "a slight increase in the percentage of sales for cash and a slight decline in the percentages of both open credit and installment sales for the periods covered," its next statement shows a reversal:

"However, the figures for May and June show what seems to be a distinct reversal of trend. Cash sales for these two months declined in proportion to credit sales and credit sales increased correspondingly."

This survey is replete with statistics and comparative tables on credit sales, credit losses, returns and allowances, collection percentages and turnover of receivables, credit losses, fraudulent buying and fraudulent checks, as well as sales figures covering various types of stores.

As the cost is only five cents per copy, every member is urged to obtain a copy direct from the Government Printing Office in Washington. The information contained in this report is worth five dollars to any credit granter!

We quote below a few of the "highlights" of the Survey:

There was a slight increase in the percentage of sales for cash and a slight decline in the percentages of both open credit (regular charge account) and installment (deferred payment) sales for the periods covered. This is in line with the trend of the last 3½ years. However, the figures for May and June show what seems to

be a distinct reversal of trend. Cash sales for these 2 months declined in proportion to credit sales and credit sales increased correspondingly.

Returns and allowance percentages (including reposessions on installment sales) for the first 6 months of 1933 decreased slightly from those of the same period in 1932. Such percentages, based on total gross sales, were 10.5 per cent for the first 6 months of 1932 and 9.7 per cent for the same period of 1933.

One hundred and ninety-nine stores reported on the subject of fraudulent buying of customers. The total amount of charge-off occasioned through fraudulent buying for January-June 1932 was \$78,014, and for the corresponding period in 1933, \$66,794. In absolute amounts there was thus a decrease in fraudulent buying. However, in relation to total net sales, the loss through fraudulent buying was 0.028 per cent of total net sales for both years.

Two hundred and forty-nine stores gave replies to the question, "What was the estimated amount of loss through the acceptance of fraudulent checks for the 6-month periods, January-June 1932 and 1933?" These stores reported a loss for January-June 1932 of \$51,324, and for the corresponding period of 1933, \$37,428. In absolute amounts there was thus a decrease in loss through accepting fraudulent checks. Relative to total net sales with 0.017 per cent in 1932 and 0.015 in 1933, there was likewise a decrease.

We reproduce below the table showing monthly collection percentages on credit accounts for various lines of business. Similar tables are scattered throughout the report.

PER CENT COLLECTED MONTHLY ON CREDIT ACCOUNTS OF ALL STORES, JANUARY-JUNE, 1932 AND 1933

Classification	Simple Average of Percentages (Sum of Percentages Divided by Number of Stores)									
	Open Credit					Installment				
	Stores	1932	1933	Average Length of Time Accounts Outstanding, in Days		Stores	1932	1933	Average Length of Time Accounts Outstanding, in Days	
				1932	1933				1932	1933
Kind of Store										
Department.....	92	37.0	36.4	81	82	76	16.3	15.4	184	195
Furniture.....	20	29.0	30.7	103	98	44	7.9	7.4	380	405
Jewelry.....	23	26.5	28.2	113	106	16	11.7	11.4	256	263
Men's Clothing.....	61	33.2	33.7	90	89	1	39.9	37.7	75	80
Shoes.....	43	41.5	39.1	72	77	—	—	—	—	—
Women's Specialty.....	67	38.5	37.8	78	79	6	16.4	14.9	183	201
Electrical Appliance.....	3	37.9	39.9	79	75	7	10.2	10.5	294	286
Automobile Accessory.....	14	52.0	48.2	58	62	1	47.8	39.9	63	75

The Upward Swing Is Here!

By ALFRED C. MOREAU

Secretary Retail Credit Association of Hartford, Secretary-Manager
The Hartford Credit Rating Bureau, Inc., Hartford, Conn.

ALMOST every day one meets people who lament: "I wish I had bought a large supply of such-and-such a thing. I knew they were dirt cheap; but things were so bad that I was sure they would go lower—now they have jumped up nearly 100 per cent." Study a chart depicting the up-swings and down-swings of business in this country during the last century, and you will note that rebounds have quite often equaled or surpassed the extent of the preceding depressions. All economic history suggests that this will happen again.

What a glorious opportunity, therefore, for the well-read, thoroughly posted, dynamic salesman to convince hesitating, doubting, skeptical buyers that the hour has come to sign on the dotted line without further delay! What an opportunity for the timid buyer who was frightened by the downward trend of prices!

That demoralizing condition no longer exists and the upward swing already registered has been without the benefit, without the stimulation of one dollar of inflation. Not one dollar of additional currency has been pumped into circulation. Not one dollar of all the billions legislators have provided for emergency construction, emergency aid to growers and raisers of various crops and commodities, has thus far been released to quicken activity.

Taking into consideration the transformation in the mental state of the American people, we must believe that the average person would rather spend a dollar than keep it. He gets fun and a thrill out of spending. Anyone who believes that our 120 millions are going to drive old autos forever, to walk around in old clothes and wornout shoes, to miss good movies and eat poor food, is wrong.

Experts predict an early resumption of installment buying. Why? For over three years this business has been diminishing. For the last two or three years millions of families and individuals have been exercising self-denial. Many possessing savings have been afraid to draw on them except for the sheerest necessities. And, of course, other millions have been without purchasing power.

Now that jobs are increasing, now that wages are being raised, now that faith in the outlook is reviving, resuscitation of buying on easy-payment terms will be entirely logical.

Banked-up wants are enormous. Savings have shrunk amazingly little. They still fall not far short of \$25,000,000,000 for the country and the latest returns actually reveal an increase.

With the spontaneous reaction to the National Recovery Act, millions have already secured employment and on that new faith they are buying. Some are letting

go the cash they had been saving, knowing that the "rainy day" is practically over. Others are using their credit. The so-called open account is being revived in great numbers. On installment purchases, merchandise which can be logically placed on conditional sale—such as furniture, radios, pianos, phonographs, automobiles, oil burners, refrigerators—is being delivered in large quantities in and around Hartford.

It is with this type of buying that the credit manager again comes into his own. He must be a combined man—with the prophetic abilities of a Daniel, the administrative genius of a Napoleon, the legal talents of a Choate, and the judgment of a Solomon.

The "Buy Now" movement is not new. It was sponsored before, but—coupled with the NRA, the public is being urged to spend more freely, as part of the NRA's plan to increase "purchasing power."

The two—buying power and buying—are Siamese twins in the opinion of the Recovery Administration because an increase in purchasing power would be of no avail whatever unless it were put to actual use. The fact that it already has been put into use is very plainly seen in the increased activity, especially noted in Hartford during the past ten days with the retailers, and the pleasing thought is that not only the department stores have been favored but even jewelers report a substantial gain in retail sales both for cash and credit.

As a good example (and this should be a fair barometer) the number of credit inquiries cleared through the Hartford Credit Rating Bureau during the past ten days, has greatly exceeded the daily totals experienced even during the Christmas business of 1932! It may be interesting to learn that while the staff of reporters at the Credit Rating Bureau has been maintained at the same level since last year, excepting the usual vacation absentees

(Continued on page 29.)





Hold to the Course!

["... And He Watched How the Veering Flaw
Did Blow... Then Steered for the Open Sea..."]

By E. A. GOES

Manager, Credit Guide Company, Inc., Marshalltown, Iowa

DIRTY weather has been lashing the seas of business. Riding the storm, many a ship has been blown from her course. It is often difficult for the credit granter to see "how the veering flaw doth blow." He steers by a compass, "character," but his compass must be frequently oriented and demagnetized through his local credit bureau, and especially the credit man, like the sea captain, must be constantly informed of danger indications.

Truly during the past twenty-one years consumer credit has been put to every test and only because of the loyalty of thousands of members of the National Retail Credit Association to the sound credit doctrines advocated by that association and their use of the service of its credit reporting bureaus was personal credit made a profitable feature of retailing.

Many merchants to whom credit bureau records are immediately available take a chance on undesirable risks, tie up capital in slow accounts and then complain of profitless prosperity. True, almost every business has taken it on the chin during the past two years. But not every one of them is still hugging the canvas.

Tomorrow's leaders-to-be are back on their feet, and fighting as they never fought before. They are fighting more carefully and guardedly, of course. Hitting hard, but not swinging at the air. That is why they are on their feet—why they'll be poised for action when the gong ushers in the next round in the battle for business improvement.

Now is the time to build for that future, to prepare for that profitable period that is sure to come later. The far-seeing credit granter can extend credit as in the past—IF he will call for credit reports and know the facts which will enable him to extend credit intelligently and profitably.

Too many credit granters are captives to false imaginations. The tendency to accept conditions as being unchangeable is handicapping many merchants. The willingness to look for new ways to increase sales and cut credit losses is profiting many others. Won't you be convinced that the old "blindfold methods" of credit extension are passé? You must know the experience of your fellow-merchants, before opening new accounts, for the preservation of your business.

Your own individual knowledge of any customer is not as great as that of all your business associates, plus your own.

There is only one basis for the extension of credit and that is the experience of your fellow business and professional men. Capitalize on that experience—it is the accepted and cheapest way out.

The public is taking advantage of your slack credit terms. Eliminate temptation to extend credit to poor risks by obtaining facts PRIOR to loaning your money, merchandise or services. It's not a question of unfounded pessimism. It's not a matter of lack of faith or confidence, but simply a question of cold facts. Those merchants who previously simply guessed when to get a report are staring at frozen receivables, while those who made it their consistent practice to get a report on all applicants are now in a position to come through.

From another angle, we often find this condition: A large amount of good credit business is daily turned away by indifference, lack of facts and due consideration, by firms having a number of slow accounts in their ledgers. A large share of a retail store's business comes from people who buy on a cash basis. It is certain that among the hundreds and thousands who "shop around," there are many whose basic buying power would make their patronage highly desirable if they could be developed into steady customers.

Check these prospects through the credit bureau. The desirable ones whose business will be profitable to you should be encouraged to open charge accounts.

There are few executives who have not dreamed of the business Utopia when all bills will be paid on time. For they realize that "money on the books" can readily become a source of danger. Thousands of business and professional men throughout the country have found the credit bureau a satisfactory answer to the problem of speeding up collections.

It acts as a police department in preventing bad debt losses and fraudulent schemes by keeping after the undesirables and violators of credit practices. In other words the MORAL EFFECT of the bureau is protecting your business and your profits, and is materially reducing losses.

(Continued on page 27.)

Who will be the **first** to be

PAID
?

The minute a man goes back to work full time, the creditors' procession begins.

Bills, 'phone calls, letters, and collectors harass the debtor, worry him at his work, and take him out of the market as an immediate buyer of his normal needs.

Yet the pay check isn't big enough to go around. It is divided so that each creditor gets a dribble. Or the more insistent collectors get paid first (and lose valuable good will) while you take your place in line.

There should be a better way . . . and there is. The Household Loan Plan provides sums up to \$300 to families, keeping house, who can make small installment repayments each month. The cash pays all bills immediately and Household (not you) waits for the money.

Many debtors will thank you for bringing the Household Plan to their attention. But if you prefer to do it without mention of your name, we should like to discuss with you a plan. Your inquiry is invited.

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H O U S E H O L D **F I N A N C E C O R P O R A T I O N**

and Subsidiaries, Palmolive Building, Chicago

One Hundred Fifty-Three Offices in Ninety-Seven Cities in . . . ILLINOIS . . . INDIANA . . . IOWA . . . MARYLAND . . . MASSACHUSETTS . . . MICHIGAN . . . MISSOURI . . . NEW JERSEY . . . NEW YORK . . . PENNSYLVANIA . . . RHODE ISLAND . . . WISCONSIN

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A COMMUNITY CREDIT LIC

WITH this issue of the "Credit World" the campaign for the promotion of the Code for Retail Credit is officially initiated. The hopes and aspirations of fifteen years shall either be realized or blasted upon the culmination of this most pretentious undertaking of the National Retail Credit Association through its National Credit Executives' Council.

Every plea conceivable has been voiced. Every argument within the scope of your Chairman's knowledge of his subject has been presented. Every thought on the inspiring subject of a Community Credit Policy that has come to your committee's attention during the past decade has been given expression through one medium or another during the last sixty days, with the prayerful hope that by a given time—by TODAY—every credit man, be he of lowly or high estate—would have become acquainted with the Philosophy as well as the Psychology of the one preeminent credit subject of the day.

There is but little left for your Chairman to do. It is for the efforts of the local Councilmen to spell success or failure. In their hands shall rest full responsibility for the fulfilment of the obligations which they assumed by virtue of acceptance of appointment to what is acknowledged to be the most important committee ever to function under the jurisdiction of the National Retail Credit Association.

Your campaign will ultimately develop into a battle of wits. There will be encountered every character of opposition—the conscientious objector—the natural-born recalcitrant—the proverbial backslider—and each will tax the ingenuity of those "forward marchers," the standard bearers of the brave little army of workers inspired by unselfish ambition to fight for as noble cause as is involved in the whole scheme for National Recovery, namely, the preservation of the moral stability and self-respect of the charge-buying public, who have been no less duped and ensnared by disreputable credit practices than the innocent victims of high-powered vendors of Peruvian bonds.

It must be a fight to a finish—either the finish of the theory of the Community Credit Policy, or the finish of those who for years have been unwilling either to countenance a departure from antiquated methods or to be enlightened upon the newer theories advanced by

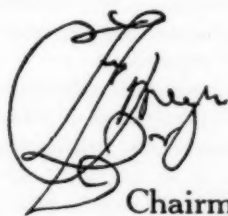
T POLICY --- NOW OR NEVER!

thinking credit men, from Maine to Mexico and from the Atlantic to the Pacific.

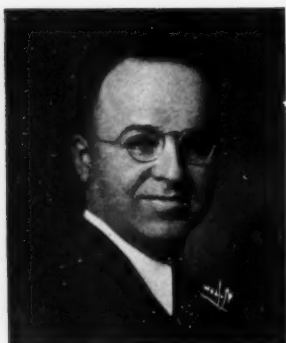
The theory of the Community Credit Policy has no future; it has only a present. It must be adopted now or be consigned to oblivion. Unless the spirit of these times—this time—is capitalized and the revolution in business participated in by the credit men of the nation, there must be grave doubts as to when, if ever, an opportunity to reform our retail credit structure on a national scale will be presented. Our credit granters must be developed into real credit executives or degenerate into mere credit clerks. Their present indefinite status cannot be maintained. Either the credit men must control credit granting, or the public, through unrestrained desires, will dominate the credit men.

The tide of events has often been turned by impulse and faulty planning. The champions of the Credit Code principle should chart their course carefully. I beg of the Councilmen at large that they be most deferential to every view expressed or every argument advanced, pro and con, during discussions on the question of a code. Our story must be told to merchants as well as skeptical credit men with patience and with respect to dissenting opinion. If there were a concurrence of thought, from all quarters, on the Community theory, a code would already have been in practice. It is only by considerate procedures and logical arguments that the uninformed and doubters may be won to our cause.

Councilmen, brook no impediment to your success!! You are right, and right will always prevail. It is not reasonable to hope for an avalanche of subscribers to our proposal within a fortnight, but with well-directed efforts, conscientious application to principle, and heart and soul in our great cause, with the incoming year we will usher into the major trade centers of America the New Deal for Retail Credit—The Community Credit Policy!



Chairman.



Some Customers We Have Met

By S. W. GUGGENHEIM

Treasurer, Garson and Wood, Rochester, N. Y.

THEY say if you play eighteen holes of golf with a man you will have a pretty good idea of what kind of a fellow he is. That may be very true, but give us that man's credit history and we will tell you whether or not he beats his wife. We doubt if there is any better way of reading a man's character than by opening up his payment book.

He may walk erect and look you straight in the eye, yet fail to meet his obligations at the bank. He may slip by unnoticed in the crowd, yet always make his installment payments on the dot.

The doctor and lawyer are privileged to keep the secrets of their clients. Daisies won't tell, and neither should the collection manager, because his work takes him into the hearts and intimacies of those who come to him. We feel, however, that we will not be violating any confidences if we introduce you to some of the different types of people that the collection manager meets, and how he tactfully treats them.

Here comes Miss "Flash," flashily dressed, noticeably painted and powdered. She begins, and talks rapidly:

"I don't want any more credit. I'm through charging things. I'm paying cash now. I just happened to be passing your store, and as I'm giving a party tonight I want you to send these things out. I'll have to give you a check because I haven't time to get to the bank. Oh, it'll be perfectly all right. Oh yes! I must have them today. I'm expecting company this evening. Thank you, so much!"

You wonder if it is good or bad fortune that has drawn Miss Flash into your store. You have her check, her order, and her name and address. If you are smart you will investigate before you release the shipping order.

A phone call to the bank, although ten minutes past closing time, reveals that the check is no good. Your own files show that this Miss Flash had a very unsatisfactory account with you five years ago, and the credit bureau files record judgments and repossessions.

About four o'clock there is a direct phone call to the shipping department urging immediate shipment. The foreman, by prearrangement, transfers the call to the collection manager:

"I'm awfully sorry, Miss Flash. We can't deliver your goods today."

"Well, you must get them to me without fail! I'm entertaining tonight!"

"I'm afraid we'll have to disappoint you. Our trucks are all out, and you did not give us enough notice."

"Well, can you deliver them before nine tomorrow?" she asks, forgetting that the party is supposed to be tonight.

"No, Miss Flash, we want to put your check in the bank before delivery."

"Well, if you don't trust me, and can't deliver my goods today, you can cancel the order. Tear up the check and I'll go some place else, where I can get service! Good-bye!" And bang goes the receiver.

Do you get the idea? Miss Flash's follow-up phone call was made to be sure that delivery was completed *before* the check was presented at the bank. The collection manager hoped to spare her some embarrassment by saying that delivery on time was impossible.

When she insisted on receiving the goods before the bank opened the next morning he had to hint at the real reason, in order to give her the opportunity to cancel. Yes, Miss Flash *still* doesn't want any credit from his store. When they "fly off the handle" as Miss Flash did you may be fairly sure you made no mistake.

"I know my credit is no good," says Mr. "Fair," the next applicant. "I ran a dairy and failed and there are plenty of judgments against me, but now I'm foreman at the Lincoln Dairy. I have a steady job and want to re-establish my credit if you'll give me the chance. I'll leave the goods here until they are paid for, if you prefer."

"Well, Mr. Fair, we suggest that you pay fifteen dollars down on your sixty-dollar purchase, and pay two dollars a week for six weeks to show that you really can make regular payments. Then we will deliver the goods."

To which Mr. Fair agrees and carries out his agreement.

You will do him an injustice if you allow him to add to his account without making a 25 per cent down payment. His weakness is easy credit. As long as you get a substantial down payment, and limit his credit, he will be good pay. But sell him a large bill on a small payment and he will break under the burden.

The next incident of the day is a phone call.

"Hello, this is Mrs. 'Brown.' You know I have a payment due on my account today, but it's storming so hard I can't get down. Will you please hold this over until tomorrow?"

"Yes, Mrs. Brown. We are not particular about a day or two. Your payments are due the fifteenth of the month, but if you pay any time around the middle of each month it will be perfectly satisfactory."

Wouldn't it be wonderful if all debtors were as punctilious as Mrs. Brown? There are many like her who come in so regularly that you could almost do without a calendar.

Have you met the type that tries to fight fire with fire? It is better to let them burn themselves out before you start to talk. We'll tell you about Mrs. "Fuss." For some reason she has defaulted in her payments but has kept silent despite the fact that she received three letters from you.

You then write and threaten repossession. This brings her rushing into the office, mad as a wet—shall we say hen? No, cat. Because it is your job to stroke back that ruffled fur and get Mrs. Fuss purring again. By being huffy Mrs. Fuss hopes to beat you to the draw. By telling you what she thinks of you, she hopes to forestall the caustic comments she expects from you, and richly deserves, but which you would not think of expressing.

We can't tell you all Mrs. Fuss says. She may talk for five minutes. Just listen attentively, nod occasionally, and show your good humor by smiling, but not a sarcastic smile. We'll turn on the music and give you an idea of how Mrs. Fuss plays it:

"What do you mean by sending me a letter like that! It's an outrage! After I've paid all I have, you want to take my goods away from me! I'll sell them first! They're no good anyway! My friends told me not to come to this store in the first place!"

Et cetera, et cetera, et cetera, for many minutes without any interruption, attempted by you, or permitted by the speaker. It's just like listening to a radio because you can't talk back. Of course, you can turn off a radio, but not Mrs. Fuss.

When she finally pauses from sheer exhaustion, you smile a disarming smile and reply: "Now, Mrs. Fuss, our business is to serve you in a satisfactory manner. If there's anything wrong with your furniture we will send a man out to fix it. You came to our store because you needed substantial and stylish furniture, at a reasonable price. We're in business to give you just that.

"Any contract which we enter into must be profitable to both sides, and if the contract is not carried out, we both lose. You lose what you have paid in, and we lose our reasonable profit. Now, I suggest that you resume payments on your account, and you can depend on us to carry out our part of the contract. I'm glad you came in because I think we understand each other better. *How much are you going to pay today?*"

Whew! Thank goodness customers like her are few and far between. She surely can wear one down. When she leaves the office you will need to take an intermission.

Next, Mrs. "Good" comes into the office, apparently a little nervous, and says, "I know you're going to bawl me out, and I guess I deserve it." "No, Mrs. Good, I never bawl out anyone. Sit down. What's the trouble?"

"Well, my husband had to take a three weeks' vacation without pay, so I haven't paid since the first of the month, but if you'll wait till this Saturday I can start paying again."

"That will be perfectly all right. If you can, I would suggest that you try to make up your back payments."

Don't say "yes" too quickly to the Mrs. "Goods." They are very conscientious and if you make it *easy* for them to skip you may break that splendid habit they have of making regular payments.

We told Mrs. Good we never bawl out anyone. There is one exception which proves that rule. Mrs. "Slow" is a customer who will buy three hundred dollars' worth of goods and agree to pay five dollars a week. After the first month she will drop her payments to four dollars a week, and if she gets away with that, she will offer three dollars a week, and then skip a week now and then.

Knowing Mrs. Slow's habits you sell her only on a good down payment, tell her that you expect her to live up to the agreement, and then watch and wait for the first default. When it occurs, put Mrs. Slow on the carpet and give her a good bawling out, like this:

"Mrs. Slow, I explained to you when you opened your account that we expected you to live up to your agreement. Your terms are five dollars a week and we cannot accept four dollars from you today. Do you want to make the full payment or shall we send for our goods?"

"Well, John was sick this—"

"Mrs. Slow," you interrupt and say forcefully, "I've heard *all* the excuses and I want to tell you that *no* excuse however good will be acceptable. We will *not* take excuses for payments. We've done that before and we're *through*. The bank will not accept excuses for deposit or pay us interest for them.

"I have your record here, Mrs. Slow, and the credit bureau tells us that you have had a number of slow accounts at other stores. We have to report to the bureau how you pay this account, and we are going to see that this is one account you pay according to your agreement. Now what do you want to do?"

"Well, if that's the way you feel, here's your other dollar, and I'll be sure to pay every week, but when this is paid up, I'll never come here again."

Of course, it appears that you have lost Mrs. Slow's good-will but you really have increased her respect for you. You are not taking any chances in bawling her out. That's the only way you can get her to pay promptly, and if you permit her to pay "slowly," you will not *want* to sell her again. Her credit is not good at other stores, so you can always have her for a customer, if you want her.

Thank goodness for the many types of customers that come into the collection manager's office! The business day would be awfully monotonous if people were all the same. One has to be somewhat of a psychologist to quickly analyze the customer and decide just how to handle him. "Life is just a bowl of cherries," sings one song-writer. If you don't take it too seriously you can enjoy this game of business too.

Credit Flashes -- Personal and Otherwise

Pooling Accounts Successful in Cleveland

The Cleveland Retail Credit Men's Company has worked out a most successful plan for relieving the overburdened debtor and securing, for the retailers, settlement of almost hopeless accounts—in a fair and *economical* manner—through a "pooled accounts plan."

Several hundred debtors (each owing numerous creditors) have already taken advantage of this arrangement. During September, four thousand payments—amounting to \$21,000—were made on delinquent accounts and 870 checks, ranging in amounts from \$0.25 to \$500, were sent to merchants.

William H. Gray, Secretary and General Manager of the Cleveland Association, is enthusiastic about the benefits of the plan. He states it has saved many an honest man from bankruptcy and thousands of dollars for the merchants. The Credit Bureau furnishes a neat folder, describing the plan, for insertion with the statements of delinquent debtors.

» » »

A. J. O'Brien Credit Manager of Davidson's

Albert J. O'Brien, for many years Assistant Credit Manager of the Stix, Baer & Fuller Dry Goods Company, St. Louis, is now Credit Manager of Davidson Brothers Company, Sioux City, Iowa. Mr. O'Brien has spent all his business life in department stores, having started with Stix, Baer & Fuller as a bundle wrapper and worked his way up to Assistant Credit Manager.

» » »

Nebraska's Semiannual Meeting

The fifteenth semiannual meeting of the Nebraska credit managers and bureau officials will be held at North Platte, November 19-21. A highly educational program has been prepared and a large attendance is expected.

» » »

Ferguson on the Job

C. Guy Ferguson, who sixty days ago became General Manager of the Credit Bureau of Pittsburgh, is making excellent progress in perfecting the service.

Mr. Ferguson has the reputation of being one of the best credit agency men in the country. For years he was the ranking District Manager of the Bradstreet Company.

Truesdale in Baltimore

John R. Truesdale, who recently resigned as Manager of the Pittsburgh Credit Bureau, is now Manager of the Credit Bureau of Baltimore, Maryland—associated with J. W. Mehling, General Manager of the Retail Merchants Association of Baltimore.

» » »

Detroit Association Changes Name

Frank E. Parker, Secretary-Treasurer of the Associated Retail Credit Men of Detroit, has notified this office that at a meeting of the Association on October 12, it was voted to change the name to the Retail Credit Association of Detroit. This was done because a great many of the present members of the Detroit Association are women who hold positions as credit executives. The former name gave every appearance of being strictly a retail credit men's organization.

MAN CONFESSES, IS SENTENCED TO SERVE 13 MONTHS

Arthur W. Grove, of near Carlisle, confessed shoplifter who has preyed on Harrisburg's largest department stores for more than six months, was fined \$25 and sentenced to thirteen months to three years in the Eastern Penitentiary today. He pleaded guilty in Dauphin County Court to three charges of larceny and two of false pretense.

Assistant District Attorney Carl B. Shelley said if only the Harrisburg cases against Grove of which the police department is informed had been listed there would have been thirty-eight counts of larceny and false pretense.

James D. Hays, manager of the Harrisburg Credit Exchange, accused Grove of operating his racket since November, 1930, in Harrisburg and other cities in Central Pennsylvania. Shelley said detainers for Grove are now filed here from Reading and Wilkes-Barre.

Grove admitted going into a store, stealing an article—usually women's clothing—and then returning the article and getting a cash refund. Grove denied Hays' accusations and Hays produced a record from York showing that Grove had been identified there.

Ideal Cooperation in Springfield, Ohio

Springfield, Ohio, a live city of 68,000, has an ideal retail credit association, 100 per cent National in membership. A charge of \$1.00 per month is made, \$0.58 being allocated for local expenses and \$0.42 for National membership.

Monthly meetings are held, beginning with dinner at 6:30 P.M., after which tracing of "skips" and round table discussion take place and usually a speaker on some important subject. A unique feature is that members are entitled to tracing service without extra charge.

J. S. Merrill, President of the Springfield Rating Bureau, states the fellowship created by getting together at the monthly meetings has saved many dollars for the merchants because of the exchange of ideas and the spirit of cooperation engendered.

» » »

Hays Traps Pennsylvania Shoplifter After Three Years!

James D. Hays, Manager of the Harrisburg Credit Exchange, Inc., Harrisburg, Pa., is like the Northwest Mounted: He never quits until he "gets his man"!

He has just succeeded in obtaining the arrest and conviction of a dangerous shoplifter who has been preying on the merchants of Harrisburg and nearby communities for the past three years. On October 10, Mr. Hays, who had been trailing his man since late in 1930, finally caught him with the goods on him and caused his arrest. Conviction speedily followed.

The newspaper clippings reproduced herewith tell the story but the following extracts from a recent letter from Mr. Hays throw some interesting sidelights on the case:

He used one of the cleverest methods I have yet encountered. He carried with him empty bags from at least twenty-five stores in this area. The merchandise would be stolen and placed in these stores' bags and that saved him many times. He would always bring each store's merchandise back in that store's bags.

It had been a puzzle to us how he could do this but we have since learned that he requested neighbors to save all store bags "for use in wrapping chickens" he sold. He was the type that would raise such a fuss in a store when a refund was questioned that at times it was given to him to get him out of the store—even though he had "lost" the sales slip.

» » »

Texas Bureaus Have "School of Instruction"

A novel feature of the Texas Retail Credit Bureau organization is a "School of Instruction." This was held at Fort Worth, October 23-24. Sixty Bureau Secretaries were present and all agreed it was a most constructive meeting. The officers of the Association are: C. R. Pennington, Abilene, President; J. F. Bain, Corpus Christi, Vice President; Mrs. Idalia Robertson, Breckenridge, Secretary-Treasurer and A. H. Hert, Austin, Executive Secretary.

Credit Meeting at Sheboygan, Wis.

A delegation of Milwaukee Credit Managers headed by A. C. Wehl (National Director), visited Sheboygan on October 18, and attended a large meeting of retailers and credit managers from Sheboygan, Manitowoc, Green Bay and Sheboygan Falls.

An interesting discussion of credit control, opening accounts, and credit procedure followed a dinner. A. C. Wehl, Credit Manager of Gimbel Brothers, E. Kant, Credit Manager of Schusters, Fred Krieger, Secretary Retail Division, Milwaukee Chamber of Commerce and Clarence Smith, President Milwaukee Association of Retail Credit Men, were among the speakers.

Police Arrest Man in Store on 37 Counts, \$19,000 Bail

A new type of department store thief, who returned goods stolen from the store for cash and had been getting away with it for seven months was brought to book, police said, with the arrest and confession of Arthur W. Grove, of Carlisle R. D. 8, who has a string of aliases several lines of type in length.

Police are holding him under \$19,000 bail.

Grove was arrested by Detective Hylan in Bowman and Company's store and was held on twenty-one counts of larceny and sixteen counts of false pretense. Grove confessed last night, police said, admitting to a long list of depredations in Harrisburg and vicinity. For example, police said, he admitted to stealing from the Bowman and Company's store on nine occasions. He stole goods worth \$21.33 and returned them without the usual credit slip, getting \$19.33 in cash.

At Pomeroy's he took "chattels" worth \$28.28, on which he was able to get a refund of \$20.44. And to make sure that he would be properly clothed he lifted a pair of pants worth \$1.29 from Sears-Roebuck on September 19.

Merchants notified the police of their suspicions that a new racket was being worked on them seven months ago, but the police were never able to catch their quarry in action until Tuesday when Detective Hylan pounced on Grove in Bowman and Company's store. Grove is said to be wanted by the police in Pottsville, Lebanon and in other cities near Harrisburg. His bail was fixed at \$19,000 for hearing on October 23.



The CREDIT CLINIC

... A "give-and-take" page, wherein readers may ask—and answer—questions about their credit and collection problems and solve them in the laboratory of practical experience . . .

BECAUSE of lack of space in our October issue, it was necessary to continue over to this issue the discussion on last month's problem: "Who has developed a 'perfect'—workable—understandable—accurate system for aging accounts?"

It is gratifying to note the enthusiastic reception accorded the new "Credit Clinic" feature by readers of The CREDIT WORLD. Every issue brings letters of commendation similar to the following from Dean Ashby, Credit Manager, M. L. Parker Company, Davenport, Iowa:

I have read with a great deal of interest the questions and answers which have appeared in the Credit Clinic during the past few months. This is indeed a laboratory in which the problems of the credit granter may be solved through the practical experiences given in the articles appearing under the heading of the "Credit Clinic."

I notice that you have submitted as this month's problem in the September issue the question of "Who Has Developed a Perfect, Workable, Understandable, Accurate System for Aging Accounts?" Because we have devised a system which has been used by us during the past three years, we are submitting to you the enclosed article covering our system and also several exhibits to show the forms which we use in this system.

If you find after reading this article that it is worthy of being submitted as an answer to this problem you may enter it in the next issue.

M. L. Parker Company's Plan of Aging of Accounts

While we do not believe that our system of aging accounts is perfect, yet we do think that it is workable—understandable and accurate.

For the consideration of those who may be interested, we submit the following exhibits and explanation of the plan that has been used in our office since January, 1933:

At the end of each month, when taking the balance for each ledger division, instead of running these on an adding machine tape we use a wide carriage adding machine and insert a columnar sheet as shown in exhibit "A," subtotalling at the bottom of each page and using the necessary number of pages required to list all accounts in each ledger.

(Editor's Note: In the accompanying illustrations, the faint red and blue horizontal and column rules of the "columnar sheets" were "lost" in reproduction.)

Across the top of the first page each column is headed according to the age for distribution of the balance on each account listed. This distribution is taken from the duplicate statement as shown in exhibit "B." (I might mention here that we use the "dual plan" of posting.) Instead of working from the ledger sheet the aging is taken from the statement and makes it possible to age accounts in much less time because it is not necessary to repeat the analysis of past due accounts each month.

Exhibit "A"		August 31, 1933				
Ledger Division A Bk		AUG -- 1933	JUL -- 1933	JUN -- 1933	MAY -- 1933	APR --
John Adams 12986 th St	19.30	1930				
	123.05	7500	4705			
	16.50	1650				
	34.05		3405			
H O Adams 1210 Brown St	1.03					
	305.60	12500	18060			
	14.02	1230			103 C	
			1000		402 C	



After the analysis for a ledger has been completed the aging sheets are then turned over to a clerk in our auditing department to be added and totals proven for each ledger.

When analyzing the accounts and showing the distribution on the sheet as shown in exhibit "A," if the account shows any part of the balance being sixty days old, the name and address are written on the sheet. This information is used the 15th of the month, when we send out our first delinquent notice, or special statements, as shown in exhibit "C."

These special statements are headed up by our addressograph operator from the plates for the names listed on the aging sheets as being sixty days old. But, first, this operator checks the aging sheets against the ledger accounts to eliminate all accounts which have been paid since the first of the month.

By having the special statements addressed it takes only a couple of days for one clerk to fill in the amounts and mail these out very promptly. I might add that a duplicate of this special statement is addressed and held in our collection file for follow-up on these accounts within ten days, thereby giving us a close follow-up on all delinquent accounts in the early stages of delinquency.

On about the 25th of each month, our billing department uses these aging sheets to transfer the age of the account to our regular monthly statements as shown in exhibit "B." This gives the customer a clear picture of


M. L. PARKER Co.
DAVENPORT, IOWA
 QUALITY MERCHANDISE—REASONABLY PRICED
 

SEP 15 1933

JOHN ADAMS

129 E. Sixth St


DAVENPORT IOWA

ACCOUNTS ARE DUE AND PAYABLE IN FULL THE TENTH OF EACH MONTH

JUNE	JULY	AUGUST	ACC T	BALANCE	TOTAL
			47.05		
			75.00		
			113.05		

Exhibit "C"

Exhibit "B"

M. L. PARKER Co.
 Davenport, Iowa
 

SOLD TO JOHN ADAMS

129 E. SIXTH STREET
DAVENPORT IOWA

DETACH AND RETURN THIS STUB WITH YOUR CHECK.
YOUR CHECK RETURNED BY YOUR BANK IS YOUR RECEIPT.

BALANCE BROUGHT FORWARD AS FOLLOWS:

PRIOR TO:		July		Aug		TOTAL BALANCE BROUGHT FORWARD	
A/C	A/C	A/C	A/C	A/C	A/C	A/C	A/C
			47.05		75.00		123.05

DATE	DEPARTMENT	ITEMS	CHARGES	CREDITS	Pay Last Amount in This Column

(Note: Exhibit "C" is a special statement—used as the first delinquent notice. Exhibit "B"—regular monthly statement—shows age of balances.)

Exhibit "D"

August 31, 1933
*Recapitulation of Ledger Totals
Aging Analysis*

Ledger Division	Totals	AUG -- 1933	JUL -- 1933	JUN -- 1933	MAY -- 1933	APR --
A - Bl	10000.00	4500.00	2000.00	1500.00	500.00	
Bl - Cl	8000.00	5000.00	1500.00	2000.00	200.00	
Cl - Ch	9500.00	6500.00	2500.00	3000.00	200.00	

the balance brought forward on her statement. It has been very helpful in improving our collection turnover, because the customer is reminded of the standing of her account the first of each month. If the balance brought forward has been paid during the following month, we do not show the aging on the statement.

Recapitulation sheets, as shown in exhibits "D" and "E," are used to show the total aging for the month. You will notice that we keep a comparative record from year to year for each month. This method gives a clear picture of the standing of our accounts receivable for each month. We also keep a recapitulation sheet for the month of the current year (not shown) which enables us to judge the improvement, if any, in our past due accounts.

All of this aging information is compiled in the first week of each month and is taken care of by people in our credit department before we start on our regular monthly collection procedure which begins the tenth of each month.

We have found this method very beneficial to us in judging the procedure we should follow on our collections, and believe the time and effort well spent for the returns we receive, for our collection percentage has been above the average for this district during the past three years, and we attribute a great deal of this to our close analysis of our accounts each month.

Aging of accounts gives us an inventory of our receivables each month which is just as important as an inventory of merchandise at regular intervals and should be given the same consideration.

—DEAN ASHBY, Credit Manager, M. L. Parker Co.,
Davenport, Iowa.

Two New Problems for Next Month:

1. What is the Turnover Yearly on Charge Accounts?

One of our readers has submitted the following problem: "What is the turnover in charge accounts, that is, the percentage of accounts lost and new accounts gained during a year?"

"A study made in 1930 indicated that about 20 per cent of the total accounts were new ones obtained during the year. However, we have no more recent information on this and none at all on the loss of accounts and shall appreciate any information you can give us."

2. Who Has Developed a Simple Credit Routine for Small Stores?

Another writes: "I have been following with much interest, the recent discussions in 'The Credit Clinic.' This department is certainly developing into a worthwhile feature.

"However, most of the problems, so far, have concerned the operations of large stores. I am sure there are thousands of small store owners in the National Association who have (or who have solved) the same problem I have, which is the need of a simplified credit and collection routine for the small store, which will not absorb all of the owner's time and yet be efficient and in step with modern credit and collection procedure."

Let's have your answer to these two questions for publication next month.

Exhibit "C"		Comparative Monthly Aging Analysis of Accounts Receivable					
		Balance	30 Days	60 Days	90 Days	4 Months	5 Months
1931							
Jan 31		200000 -	100000 -	50000 -	25000 -	25000 -	
	Percent		50%	25%	12.5%	12.5%	
1932							
Jan 31		250000 -	150000 -	400000 -	20000 -	20000 -	20000 -
	Percent		60%	16%	8%	8%	
	Increase or Decrease over previous year	50000 -	50000 -	10000 -	500000	500000	200000
1933							
Jan 31							
	Percent						
	Increase or Decrease over previous year						

Goodwill

Webster defines *goodwill* as "the value a business has over and above stock in trade; the money paid for such value; friendly disposition, etc."

Occasionally we see this account written into a balance sheet as an asset, to be amortized over a period of time, and at the end of each year we see this account diminished to a certain extent.

In days gone by when times were more prosperous, we accumulated the accounts of many people and as things were going from bad to worse we saw these accounts dwindle and we boasted of the fact that we had greatly reduced our Accounts Receivable, at least one-third or one-half.

We credit granters cannot be boastful of this accomplishment, for it remains to be seen how much of that real intangible goodwill that cannot be written into any balance sheet is retained from the drive for the reduction of our outstanding accounts when normalcy returns and numbers of the old customers return to our store for the quality merchandise and superior charge account facilities.

We all remember when we were children how easy it was to coast down a hill and what an effort it was to get back to the top again. If we have reduced our Accounts Receivable and our inactive account trays are bulging over with frozen goodwill, then it is time for us to cooperate in helping to bring prosperity from around that famous corner—by getting up-to-date reports and putting on a campaign of "Back to confidence in each other."

—Rhue Roberts

Sec'y-Treas. & Credit Mgr.
Bell's Booteries, Inc.
Nashville, Tenn.

> > >

New Jersey Bureau Managers Meet

E. J. MacEwan, Manager, Morris County Credit Bureau, Morristown, N. J., sends us the photograph reproduced below, taken at the recent meeting of the members of the Associated Credit Reporting Agencies of New Jersey, held at the Springbrook Country Club, Morristown.

Left to right—standing:

William R. Calloway, Newark; Warren S. Davies, Trenton; Arthur E. Uffert, Elizabeth (President of the Association); S. Sayre, Perth Amboy; A. R. Adelman, Plainfield; J. R. Cronin, Trenton; J. Wm. Pennell, Camden; Paul C. Echeverria, Morristown.

Left to right—seated:

A. B. Buckeridge, New York; Edward A. Turner, Allentown, Pa.; Chas. J. Martin, New York; V. E. Carlough, Paterson; Harold J. Fox, Atlantic City; Edwin J. MacEwan, Morristown; Charles Weber, Newark.



Monroe, Louisiana, Credit Policy Has Increased Collections

On August 1, twenty of the leading retailers of Monroe, La., as a group of the Credit Men's Association, adopted a Community Credit Policy and sent the following statement to their customers:

A New Credit Policy

Our retail merchants who extend the privilege of charge accounts are proud of your patronage and friendship and are doing all they can to continue to grant all privileges and favors possible.

They realize that many honest individuals are now unable to pay what they owe, through no fault of their own, which has caused much money to become "frozen" on their books. They feel that some have been more careless in the past than should be the case in the future. They believe that no one should obligate himself for more than he can pay when due.

Accounts are due on the 10th of the month following purchase unless other arrangements are made.

Most of our members have agreed that it is not good business, for either the merchant or the customer, to continue to charge to an account when any portion of that account is more than ninety days past due, and we are taking this opportunity to ask for your hearty cooperation with this policy.

Effective August 1, 1933, the following merchants have agreed that they will make no further charges to an account on their ledgers when any portion of that account is more than ninety days past due:

(Here followed the names of the twenty retailers.)

Rubber stamps for printing on statements were furnished each cooperator, reading as follows:

"On 10th of ----- \$-----

Will Be 90 Days Past Due. Note:

New Credit Policy Enclosed.

Reports indicate a decided willingness to cooperate on the part of customers who had been careless. Many who were unable to pay, signed interest-bearing notes and collections showed a general upward trend. Many merchants who had not joined in the movement are now signing up.



WASHINGTON BULLETIN



R. PRESTON SHEALEY

Washington Counsel, National Retail Credit Association

FOREWORD

SINCE publication of the October issue of *The CREDIT WORLD*, added interest has been lent to the tariff situation by the presidential embargo on importation of wines and liquors, expected to flow into the country as a result of the repeal of the Eighteenth Amendment, and similar embargoes to be administered under the provisions of subsection (e) of section 3 of the National Industrial Recovery Act. Under the provisions of this section the President, on his own motion, or upon complaint of labor, trade, or industrial groups, that merchandise is being imported into the United States in a manner and to a degree as to threaten effective maintenance of codes, can declare an embargo.

The broad powers given the Executive by the Act would seem to be sufficient to afford a trading basis for more advantageous tariff arrangements with other countries than at present prevail and the breakdown in war debt negotiations serves to emphasize this fact. Coupled with more advantageous trade relations with Russia and better facilities for the necessary exchange to finance sales to Latin America, there should eventuate marked improvement in merchandise sales for the export trade.

Legislative

House Bankruptcy Investigations in Progress

The House Judiciary Committee bankruptcy investigation, which commenced with hearings in New York (Representative Emanuel Celler presiding) is still progressing. By the time this bulletin is published another investigation will have been commenced by another subcommittee in Chicago and it is also expected that an investigation will start in Florida though no definite date has been set for commencing it.

Copies of Senate Hearings Available

The Senate Banking and Currency Committee hearings have developed considerable interest. Those who wish to read the complete text of the hearings, should make application for copies of same to the Senate Banking and Currency Committee, Washington, D. C. In such applications, mention should be made of the hearings on *S. Res. 84 and S. Res. 239, 72nd Congress*.

Parts 1, 2, and 3 of the hearings in the 72nd Congress have been exhausted and will not be reprinted. Parts 4,

5, and 6, Kreuger and Toll testimony, Insull testimony, and National City and continuation of Richard Whitney testimony, are still available for distribution. Parts 1 and 2 of the hearings in the 73rd Congress 1st session, on *S. Res. 84, 72nd Congress*, and *S. Res. 56 and S. Res. 97, 73rd Congress* have been exhausted but will be reprinted in January at which time copies will be available. Part 3 of the latter hearings, the Kuhn, Loeb & Co., and Pennroad Corporation testimony, is the last part that has been printed. The hearings now being held are on the Chase National Bank investigation.

Federal Trade Commission Publishes Report on "Chain Store Advertising"

The Federal Trade Commission announces that its report on "Chain Store Advertising" is soon to be printed and in the meantime and as of October 14, has summarized some of the interesting data that will be found in the report. *S. Res. 224, 70th Congress, 1st session*, started the Federal Trade Commission's investigation into chain stores and three of the reports as a result of that investigation are now available: "Gross Profit and Average Sales per Store of Retail Chains," *S. 178, 72nd Congress, 2nd Session*; "Chain-Store Manufacturing," *S. 13, 73rd Congress, 1st session*; and "Sales, Costs, and Profits of Retail Chains," *Senate Document 40, 73rd Congress, 1st session*.

Departmental

Commerce Department to Publish Monthly Reports on "Consumer Sales"

Regular monthly reports showing the trend of consumer sales as recorded in selected retail stores and which will add to the information now gathered by the Federal Reserve Board on department store sales, are to be gathered by the Bureau of Foreign and Domestic Commerce.

During the past month preliminary estimates were released for retail grocery store sales and variety store sales based upon figures furnished by a cooperating group of chain organizations representing stores continuously in operation since 1929. Consequently they show changes in the volume of consumer purchases rather than expansion or decline in the scope of the chains included.

Variety store sales for September indicate an increase of about 7½ per cent as compared with August of this year and 4½ per cent over September a year ago. Retail grocery sales show an increase of approximately 3.1 per

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cent for the month of September, over last year. Other indexes are now being set up by the bureau to cover retail trade in automobiles and rural and small-town general merchandise. After these indexes are established, an effort will be made to extend them to other retail trade fields in cooperation with trade associations.

These indexes are expected to provide a quick and definite guide to changing trends in the movement of consumer goods. Such information is held to be essential to any steps toward the stabilization of the relation of the nation's production to distribution and consumption.

Court Decisions

Indemnity Clause in Leases Up to Supreme Court in Two Bankruptcy Cases

The present economic depression, particularly through bankruptcies of chain store groups, has raised a very important question for final decision by the Supreme Court and that is, (as stated in a recent case docketed and through the medium of a petition for a writ of certiorari) whether a landlord's claim for damages suffered by reason of a bankrupt tenant's default upon a lease which contains an indemnity clause, is provable in bankruptcy. In the instant case, that of *Manhattan Properties, Inc. v. Irving Trust Co., Trustee, etc.*, it appeared that the lease under which the bankrupt occupied certain premises in New York City contained a provision to the effect that the tenant should pay to the landlord each month, after default, the difference between what the landlord rented the premises for and what the tenant had agreed to pay.

The trustee in bankruptcy presented a claim for the difference between the rent reserved and the rental value for the residue of the term but this claim was disallowed by the referee whose order was affirmed by the District Court and by the Circuit Court of Appeals, 2nd Circuit. The question has now been placed before the Supreme Court for decision through the petition filed on October 7, 1933.

Another somewhat similar case now before the Supreme Court, on petition for a writ of certiorari, filed October 9, 1933, is that of *Malavazos, et al v. Irving Trust Co., Trustee in Bankruptcy of Metropolitan Chain Stores*. In this case the chain stores company was adjudicated a bankrupt before the lease commenced to run though the company had actually executed the same. The owners of the leased premises filed a claim for damages made up of several different items, one of which items was for general damage because of anticipated breach by the bankrupt of the lease.

POSITION WANTED

A good bookkeeper, (high school graduate and accounting student) age 26, seeks employment. Seven years' experience with a financial institution (now closed). Can you use this man? Box 111, Credit World.

The trustee in bankruptcy opposed the allowance of the claim upon the ground that it was contingent, unliquidated, and unprovable and this objection was sustained by the District Court and the Circuit Court of Appeals for the 2nd Circuit. It is from this decision that the petition for a writ of certiorari to the Supreme Court has been taken.*

*(November 6th, is a decision day for the Supreme Court and these petitions may be acted upon at that time.)

Court Lays Down Three Rules on Usury

In its recent decision in *General Motors Acceptance Corporation v. Mid-West Chevrolet Co.*, the Circuit Court of Appeals, 10th Circuit, lays down some interesting rules concerning usury. They are as follows: (1) A loan must have been made before there can be usury; (2) a loan may be defined as an agreement to return borrowed money at a future time; (3) there can be no usury where the transaction is a bona fide sale of property, tangible or intangible, even though the seller agrees to indemnify the buyer against loss.

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Hold to the Course!

(Continued from page 14.)

The goal of modern business is successful selling at minimum operating cost—it is represented in terms of net profits and CONTROL is a factor that goes far in determining these profits. Credit bureau service—providing the means and the facts for credit control—has taken the guesswork out of retail sales.

Hold to the course! It is a mistake to reduce this service. In fact it should be increased, because more reports and more information are needed to safeguard credits. It is wisdom to spend dollars now that you may save hundreds later. There was a time when cooperation in business was a sentiment; today it is an economic necessity.

The majority of American business men will not accept the depression as a permanent disaster. Of those who see America as only a blind Samson living "in total eclipse, without hope of day" it has been well and truly said by Sir William Orton:

"They need to be reminded that America is a far greater nation than the picture of it which they get in the newspapers; that it has latent powers of spiritual achievement equal to its material achievement; that there is more in the American tradition than Americans in recent years have been getting out of it."

POSITION WANTED

Man 36 years of age, with 12 years' experience as Controller and Credit Manager of large coal and coke company and large department store seeks position in the same capacity.

Willing to live in any part of the country and can furnish best of references. Communicate with Box 113, "The Credit World."

"Credit Prophylaxis" For the Dentist

(Continued from page 7.)

have been clearing such information among the merchants and some professional men for years. These people realize that they must know something about the customer's past history and something of his present indebtedness, to say nothing of his attitude toward his credit commitments. I cannot see for the life of me why that information isn't of equal importance to the dentists.

It is true that some professional men do avail themselves of these facilities; the Retailers Credit Association (in both San Francisco and Oakland) is carrying on dental group activities through what we call the "pink slip." But the vast majority apparently close their eyes and pray that they have made a happy guess, or failing in that, they plead for a collection agency to bring them out of the red.

One of your own main principles is the merit of preventative prophylaxis over the cure. Why don't you follow the same theory with respect to your business dealings? *Rely on credit information instead of on the collection agency.*

The NRA code of the dental supply houses as well as the dental laboratories has a provision for the cutting off of credit to those dentists whose accounts are in arrears beyond a stipulated time. That means that any of you who owe two or more supply houses or laboratories, may be ethically placed on a cash basis with all of them. Criticize that contemplated policy as you will, the fact remains it is good business, and if it is necessary for these institutions to follow that businesslike method, then why, for goodness' sake, isn't it sensible for all of you to do likewise?

There are more dentists present in this auditorium tonight than I have ever seen in one place before, and if all of you could successfully bury your antagonisms toward each other and unite in the common purpose of standardizing your credit terms and clearing your credit information zealously, *as many of you already do*, there is no doubt but that the saving of thousands of dollars would be the result.

More than that, your business methods would command the respect of all of us prospective patients because there would be no competition in credit terms and no hesitancy in coming directly to the point in arranging for the most important part of your work—your payment. Just as truly as I speak before you tonight, you are going to have to come to that unity of action, otherwise neither professional men nor merchants engaged in the extension of credit can permanently endure.

» » »

But -- Can They Prove It?

It is rumored that a group of exclusive cash stores who are all "hot and bothered" about the NRA code restrictions on competitive advertising, are about to launch a campaign of advertising to "prove" that the cash store can sell for less than the credit store.

ANNOUNCING A New Book

"Proven Plans to Speed Collections and Timely Tips to Trim Office Overhead"

Copyright, 1933

THIS book is from the pen of a man who has spent over twenty years in the study and practice of the art of collecting money and retaining the good will and patronage of those from whom he collected.

In this book will be found:

- 288 successful collection ideas, plans and letters.
- 470 collection paragraphs in a unique letter book arranged according to appeals to different emotions, classified and numbered for convenient use, including—
- 204 effective ways to close your collection letter for action.
- 147 attention-getting opening paragraphs for collection letters.
- 119 miscellaneous collection paragraphs classified according to appeals to pride, fear, sense of fairness, etc.
- 51 tracing tricks and schemes to locate the debtor who moves.
- 42 time and labor saving office short cuts and postage saving ideas.
- 25 specific ways to cut bad check losses and points to watch in cashing checks.
- 10 ways to use the telephone to improve collections.
- 4 ways to locate debtor's place of employment.
- The most successful plan of a Texas collection expert in collecting from farmers.
- How to get your money on defective remittances and bad checks.
- How a Dallas collection expert collected a six-year-old judgment in Texas where wages cannot be garnished, from a debtor with no property, who carried his bank account in another city under his wife's name.
- A plan used by one merchant to educate his customers to pay by the 10th.
- A letter that asked only for a date but brought back checks in all but one case.
- A scheme that collected 50 per cent of a big list of small publisher's accounts and made the debtor smile as he paid.
- A clever stunt in following up broken promises that brought in 80 per cent returns within five days.
- A plan that speeded up collections 75 per cent on accounts under \$10.00.
- A plan that enabled a dentist to collect 98 per cent of his accounts over a period of ten years.
- A simple plan that enabled a wholesale credit man to reduce his bad debt losses to less than 1/15 of 1 per cent over a period of seven years.

This is really more than a book. It is a working kit for the credit man, the merchant, the professional man or anyone who has anything to do with collections.

You also get a letter and paragraph book with definite and specific instructions on how to use it as well as a generous supply of blank pages to enable you to add your collection letters and paragraphs and tie this right in with your own business.

Handsomely bound in serviceable black, imitation leather (loose leaf), size 9x11 inches, it is a most unique portfolio—a veritable treasure book of **PROVEN PLANS TO SPEED COLLECTIONS AND TIMELY TIPS TO TRIM OFFICE OVERHEAD.**

The price originally set for this was \$15.00 but to make it available to a larger number, it may now be purchased for the unbelievably low price of

\$5.00

ARTHUR P. LOVETT

4455 PENN STREET KANSAS CITY, MO.

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The Upward Swing Is Here!

(Continued from page 13.)

this summer, it was necessary to employ one more reporter on August 21 and present plans are to secure two more within a day or so to enable the Bureau to render the service required by the five hundred-odd credit granters who make up the organization.

Unfortunately, many of the people who seek credit today are not eligible. Some of them are asking for credit on the strength of a promised job or the expectancy that a son or daughter will have work within a few weeks and the bill will be paid from those earnings.

Retailers have been carrying accounts for their customers even to the point of discomfort to themselves and their business. Many of these merchants have been operating "in the red" for the past two or three years and with their own credit jeopardized and their inability to secure bank accommodations as freely as in the past on the basis of their accounts receivables, they have earnestly awaited the return of both buying power and buying.

To some merchants it would prove much more beneficial if some movement were started to get the consumer to pay up what he owes rather than to have him "Buy Now." This latter benefit is of greater importance nationally because it is recognized that the more merchandise that is bought and consumed, the more will be manufactured and the better the cycle of money circulation but the merchant who is carrying too-heavy accounts receivable and probably not carrying a very heavy merchandise inventory, to replace the goods he sells will have to pay higher replacement prices.

With limited credit and no cash in any proportions, he will be handicapped in his desire to comply with the requirements of the NRA to increase wages to his employees while shortening their hours, automatically pushing his overhead over his head, as it were.

It was said that prosperity was just around the corner. Now it is said that prosperity is shyly powdering her nose for her coming-out party. Signs of revival and reconstruction are everywhere.

The Manufacturers Association reports an increase of 3,046 people employed in Hartford, New Britain, Bristol and Southington during the month of August, representing an expansion in pay roll of almost \$100,000 a week. In four months the employment lists have gained 7,271 workmen.

This has the marks of a healthy expansion, not a mere flash of activity in response to a temporary stimulation of trade. As industrial employment increases the charity lists shorten. Nothing can be so heartening as evidence of economic improvement.

Credit Manager—Oil Company Experience

Retail credit manager who has seven years' experience with one of the major oil companies desires to make a change. References given. Write Box 112, "The Credit World."

Retail sales are the best gauge of business gain and while there will of course be many other factors to be watched closely, such as production figures, statistics reflecting banking operations, security prices and all of the manifold things which have a bearing upon the state of business, even the record of men employed will not tell the real story of progress unless sales of goods to the consumer are shown to be increasing rapidly enough to give evidence that they will support increased production and employment.

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Two Vital Questions to Ponder in Selecting Credit Risks

In selecting credit risks two questions stand out: Can the customer pay? Will he pay? Many customers who are financially able to pay are so constituted that they dilly-dally in meeting their obligations. Many merchants are familiar with rich Mr. "So and So" who is habitually "slow pay."

On the other hand, many customers are of such sterling character that their consciences allow them no peace when, because of straitened finances, they find it necessary to delay the payment of their bills.

—Bulletin of Royal Oak (Mich.) Credit Bureau, Inc.

STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACT OF CONGRESS OF AUGUST 24, 1912.

OF CREDIT WORLD, published monthly at St. Louis, Mo., for October 1, 1933.

State of Missouri,
City of St. Louis,

Before me, a Notary Public in and for the State and county aforesaid, personally appeared David J. Woodlock, who, having been duly sworn according to law, deposes and says that he is the Editor of the *Credit World*, and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 411, Postal Laws and Regulations, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are:

Publisher, National Retail Credit Association.....St. Louis, Mo.
Editor, David J. Woodlock.....St. Louis, Mo.
Managing Editor, D. J. Hannefin.....St. Louis, Mo.
Business Manager, E. A. Uffman.....St. Louis, Mo.

2. That the owner is: National Retail Credit Association, 1218 Olive Street, St. Louis, Mo. A. P. Lovett, President, Gates Bldg., Kansas City, Mo.; C. M. Reed, First Vice-Pres., 618 Kittredge Bldg., Denver, Colo.; P. H. Carr, Second Vice-Pres., c/o Standard Clothing Co., 6th & Nicollet, Minneapolis, Minn.; D. J. Woodlock, Treasurer, 1218 Olive, St. Louis, Mo.; Guy H. Hulse, Secretary, 1218 Olive, St. Louis, Mo. No stock. Official organ of the National Retail Credit Association.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

D. J. WOODLOCK.

Sworn to and subscribed before me this 26th day of September, 1933.

Mary E. Riordan.

(My commission expires Feb. 6, 1934.)

Do Present Conditions Demand a Change In Credit Policy?

(Continued from page 11.)

A community credit policy is an actuality in many cities and is being considered in several others. It is a definite working agreement between retailers as to sound credit and collection procedure. A community credit policy to which all retailers adhere will, to a very large degree, eliminate the bad credit practices and the accompanying losses that we must experience under the old system of individual action.

We, in Oklahoma City, have been giving this matter serious consideration for the past six weeks. A committee assigned to the project decided that each member of the Retail Credit Association of Oklahoma City should write a letter to our secretary, Mr. A. D. McMullen, outlining his or her suggestions as to the provisions of such an agreement. Mr. McMullen grouped these suggestions and prepared the preliminary draft.

This preliminary draft was considered at our regular weekly meeting. Not once, but for three successive meetings. There was open debate—everyone expressed his or her views—there were certain changes in the preliminary agreement and certain parts were stricken. On last Thursday the final draft was approved by our Association. This definite community credit policy agreement which we have recommended as fair and workable, is to be presented to store owners for their consideration. We firmly believe that we have taken a step in the right direction.

Someone may say that business cannot be done on this basis—I submit that we can do plenty of business—as much as we are doing now and more. We can and will solicit new charge customers—one of the most important duties of the credit man. The credit department will have more time for this all-important work because less time will be required in dealing with the problem of slow paying customers already on the books. I say to you that, under the new "set-up," the credit department will establish a new record in the development of new business and, best of all, it will be profitable business.

I must not pass this subject of community credit policy without acknowledging the fine work that has been done by the "Old Guard" Committee on Objective No. 5 of which Col. Franklin Blackstone of Pittsburgh is chairman. This committee has devoted much time and thought to this subject of a community credit policy, as evidenced by its recent report of four pages, setting forth the committee's idea of a community credit policy and its suggestions for bringing about the adoption of the plan. The committee is entitled to the thanks of the entire credit fraternity for its fine work on this project.

The National Association, as usual, is out in front in this movement to bring about the adoption of better credit practices and improve retail credit conditions. It is to be admitted that the National Association might wait a long

time if it should wait until all communities voluntarily adopt a definite community credit policy.

Within the last thirty days the National Association has taken aggressive action to speed up the movement by creating the National Credit Executives' Council, with Mr. Leop. L. Meyer, a past president of the National Association, as Chairman. The general plan of operation has not yet been announced but, in Mr. Meyer's own words, "the one outstanding ambition of the National Credit Executives' Council will be to promote on a national scale the adoption of a Retail Credit Code."

This effort by the National Association should have the hearty support of all members and every other person in any way connected with the retail credit business. We have found that individual policies of credit and collection procedure will get us nowhere. We must realize now, as never before, that "in union there is strength." We must go forward, with that spirit, to the end that retail credit and the profession of "credit granting" will rise to that lofty position in our business life which they rightfully deserve.

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Successful Letters Used in the Application of Customer Control

(Continued from page 6.)

cent of the customers so solicited bought additional articles rather than to allow their budget account to be closed up after the original contract had been fulfilled. The purchases on these extended accounts ranged from \$10 to \$400.

LETTER No. 622

Dear Madam:

We want you to know how much we appreciate the prompt and businesslike way in which you have met the payments on your Budget account which is nearly paid out. Customers like yourself who regard their business obligations as a responsibility are very much appreciated.

We would be pleased to have you add to your Budget account before it is entirely paid out, without your having to make a cash payment. You may purchase your household needs and we will charge it to your Budget account, transferring the entire amount to a new contract.

Yours very truly,

General Manager.

Further classification of the active charge accounts will continue to reveal information of an exceptionally interesting and worth-while nature.

(Editor's Note: In his next article Mr. Ashby will discuss "Bringing Back Lost Customers.")

A SOUND INVESTMENT

Competent credit and collection manager, installment experience, desires connection with firm demanding real ability. Excellent credentials. Box 114, "The Credit World."

The Value of Prompt and Complete Reports to Your Local Credit Bureau

By FRANK E. McLAUGHLIN

Credit Manager, McCurdy and Company, Rochester, N. Y.

DURING the course of our daily routine, we doubtless have many occasions to wonder how we could successfully operate our respective credit departments if it were not for the assistance rendered us by our local credit bureaus.

With this in mind we should earnestly strive to give to them the cooperation which we expect to receive when we call upon them for accurate up-to-date credit reports furnished with dispatch. We must always bear in mind the important fact that a credit bureau can be compared to your pocketbook or your bank account: Nothing can be withdrawn until it is first deposited!

It is not enough to furnish your credit bureau with information upon its request. We should all voluntarily turn over to the bureau all items relative to our customers' accounts which come to our daily attention. If all members of all credit bureaus would adhere to this policy there would be deposited in the files of the credit bureau such a tremendous volume of valuable detail relative to the consumer public that our task would be greatly relieved.

In common with other modern and up-to-date credit bureaus, our bureau publishes a weekly bulletin which contains a record of all important items relative to cus-

tomers' credit ratings which have been received during the previous week.

This bulletin covers a record of derogatory items such as accounts closed, placed in suspense, turned over to attorneys or agencies for collection, closed because of unsatisfactory dealings or unusual returns, repossessions, N. G. checks, etc. The bulletin also lists records of accounts upon which there have been reported fraudulent purchases as well as all changes of address.

By carefully checking the names on the bulletin with our accounts receivable, we are able to quickly determine the advisability of additional charges to such a listed account.

A concrete example of the value and necessity of these prompt reports was placed before me a short time ago: In March, 1932, an application was approved for a small line of credit. From March until October the account did not exceed \$15 per month and was paid promptly. In November an application by the same party was made in another store for a coat valued at approximately \$50 which was sold on terms of 60 days. In February, 1933, the name of this customer appeared in our bureau bulletin and the account which had become inactive in our store was posted. In the early part of March we received a request for further extension of credit to this subject which was rejected and the customer was referred to the bureau.

As a result of the interview at that point the balance of the coat transaction which had become delinquent was immediately paid with an explanation that a reduction in salary had been the cause of the delinquency. Thus, it is readily observed how such close cooperation on the part of the merchants and the credit bureau results in the collection of many accounts such as this example.

In *The CREDIT WORLD* of December, 1932, appears the amazing statement that an estimate of \$5,000,000 worth of accounts receivable on the books of the merchants in New York City are uncollectable due to the correct address of the debtor being unknown. Unquestionably the matter of "skips" is one of the greatest problems with which we credit managers have to deal.

Is it not, therefore, an opportune time for the members of all credit bureaus to report the engagement of all new employees? In fact, it is very advisable to furnish your local bureau with an entire list of your present personnel.

In every large community there is an association of personnel directors of large industrial plants—usually identified with the Chamber of Commerce. Such organizations should be solicited for their aid and cooperation in the matter of freely furnishing information to the credit bureaus relative to their employees and, if possible,



"... there would be deposited in the files of the Credit Bureau such a tremendous volume of valuable detail relative to the consumer public that our task would be greatly relieved."

tomers' credit ratings which have been received during the previous week.

This bulletin covers a record of derogatory items such as accounts closed, placed in suspense, turned over to

to report to the bureau the engagement of all new employees.

Thousands of dollars are expended annually by merchants for the services of professional locators in tracing debtors who have failed to leave forwarding addresses. This expense could be reduced materially in the event of the adoption of the above policy on the part of large employers of labor.

Let us at all times remember that the credit bureau in our community is operated for our mutual benefit and let us endeavor at all times to furnish it with all information which comes to our attention, so that its records may be adequate to maintain an intelligent credit control of our accounts receivable.

» » »

Warning to a Credit Man

In days of old when knights were bold,
Ere in this land arose
"Installment plan" and "credit man"
To pick out "prompts" from "slows,"
In those good days were no such ways
Of earning food and raiment
As sending duns to hard-up bums
Demanding past-due payment.

All men were mild and none reviled
For mailing threat'ning letters
In phrases rash demanding cash
From impecunious debtors.
Then hearts were glad and none got mad
Through being in receipt
Of statements sent which plainly meant—
"You are a big deadbeat."

But years have rolled since days of old
When credit was unknown;
Now credit men, with acrid pen,
And hearts as hard as stone,
Send letters long and firm and strong
Containing many a page
Of direst threat to those in debt,
Who gnash their teeth in rage.

With lust intense for recompense
They vow with hate unbounded
To take the course of brutal force
With those by whom they're hounded.
With minds so bent on such intent
For answering a dun,
The wisest plan for a credit man
Is—Get yourself a gun.

—A. L. DERBYSHIRE

Asst. Credit Manager, Sterling Furniture Co., Salt Lake City, Utah.

HOW TO COLLECT INSTALLMENT ACCOUNTS

By Samuel W. Guggenheim

How to open the account, keep regular payments coming, force the reluctant payer, locate skips and collect to the last dollar. Letters, forms, and the valuable counsel of an experienced credit man. See review, page 32, last issue. 70 pages, cloth bound. Price \$2.00. Order from the National Retail Credit Assn., 1218 Olive St., St. Louis, Mo.

A New Sticker-- And Newspaper Ad

to tie up with the

"Buy Now" Campaign!

Members everywhere report increased collections following the use of the "Let's All Do Our Part" sticker and newspaper ad. Here's another direct tie-up with the NRA and the "Buy Now" Campaign—a "pay-now—buy-now" appeal. Also an effective follow-up for the first sticker and ad!!

The Newspaper Ad (Right)

"Same-day" shipment—mats in two standard sizes:

16A—4 col. x 170 lines (8" x 12") \$3.00 each

16B—3 col. x 125 lines (6" x 9") 2.50 each

(Order by number)

These prices are based on actual cost of artwork, copy, engravings, mechanical costs, handling and postage.

Note carefully: The ad at the right is made up for an 8" x 12" space and will be furnished to you with heavy rules at top and bottom and spaced out to that size. It is shown here without the rules because of size limitation of The CREDIT WORLD page.

Sticker No. 8 (Below)

Exact size as shown below (1 7/8" x 2 1/4"), in two colors, "NRA" red and blue, on white gummed paper. Price, \$2.00 per thousand, postpaid. (Note: The heavy border will be in red—the NRA consumer emblem in red and blue—word "member" in red—balance in blue.)



Sold Only to Members of the N.R.A.

Each order must be accompanied by a written statement that the purchaser "is a member of the NRA, having signed the President's Agreement" and must have the official NRA sticker attached.

Order from Your Credit Bureau

National Retail Credit Association
1218 Olive St. St. Louis, Mo.

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